

Approved

Jim Braden 5-7-86
Date

MINUTES OF THE Legislative COMMITTEE ON Economic Development

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

12:30 a.m./p.m. on February 28, 1986, 19 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Paul West
Arden Ensley
Belden Daniels

Conferees appearing before the committee:

Jamie Schwartz, Secretary of Economic Development Department
Phillips Bradford, Advance Technology Commission Director, KDED
Billy McCray - Minority Business Division Director, KDED
Carole Morgan, Community Development Division Director, KDED
Roger Christianson, Development Division Director, KDED
Cathy Kruzic, Travel, Tourism, and Film Services Division Dir., KDED
Steve Holsteen, Small Business Division Director, KDED
Mike Hayden, Speaker of the House

The Chairman called the meeting to order, and asked Jamie Schwartz, Secretary of the Kansas Department of Economic Development, to give an overview of the department. Secretary Schwartz indicated that it was his intention to have his Division directors make a very brief presentation on their activities. He overviewed the budget of the department, and presented an organizational chart of the Department (See Attachment "A"), explaining the various activities of those divisions.

Secretary Schwartz introduced each of the Division Directors and they explained the operations of their division.

Phillips Bradford, Director of Advanced Technology Division.

(See Attachment "B")

Billy McCray, Director of Minority Business Division.

(See Attachment "C")

Carole Morgan, Director Community Development Division.

(See Attachment "D")

Roger Christianson, Industrial Development Division.

(See Attachment "E")

Cathy Kruzic, Director of Travel, Tourism & Film Services Division.

(See Attachment "F")

Stephen Holsteen, Director of Small Business Division.

(See Attachment "G")

Secretary Schwartz asked the Commission if they had any questions. There was discussion on how their budget rates nationwide, cost of the surveys, state laws, and how much does the Department of Economic Development absorb. (Attachment H)

CONTINUATION SHEET

MINUTES OF THE Legislative COMMITTEE ON Economic Development,
room 519-S, Statehouse, at 12:30 a/m./p.m. on February 28, 1986, 19

Belden Daniels appeared before the Commission and presented a reorganizational chart for the restructuring of KDED, (See Attachment "I") and explained the changes. House Bill No. 2951 is the bill from which the proposal presented today has been developed. The recommendations are from the Redwood/Krider report. Budget recommendations are not included; the Commission will discuss this at a later time. Daniels recommended clear mission statements (25 words or less) to explain the mission of the Department and each of the five divisions.

The Commission discussed the Department of Human Resources linkage with the Department of Economic Development.

The Chairman introduced Speaker Mike Hayden who presented this views on House Bill No. 2951, and his feelings on what Belden Daniels has proposed. Speaker Hayden said that he would support the amendments to House Bill No. 2951 proposed by Daniels. He stated that he did want to change the name of the Kansas Department of Economic Development to the Department of Commerce as part of the reorganization.

Daniels presented the economic development action plan (See Attachment "J"). The Team will be filling in this chart, and will have recommendations to the Commission. There are nine specific identifiable do-able now initiatives to adopt this legislative session. He once again stressed not to undertake these nine initiatives unless there is an understanding that even with very scarce money in FY 1987, there will be a sound commitment in 1988-89.

There was discussion regarding the list of economic development bills pending in the legislature and developing a system whereby Daniels could be aware that there are bills already in progress and possibly being discussed in committees. Staff agreed to work this out on the computer and update Daniels.

Discussion revolved around the process necessary to make this a permanent committee, should this be a joint committee, or should there be a separate standing committee in the House and the Senate, and a joint committee during the interim. The consensus was it should be the latter.

It was the opinion of Daniels that a skilled, trained technical professional should be added to our Research Department whose primary responsibility would be to the Commission. The Chairman asked staff to draft proposals establishing permanent House and Senate committees.

Representative Helgerson has developed an idea in House Bill No. 2960 for Kansas, Inc., and Daniels would recommend to the Commission that this bill be used as a mechanism for developing Kansas, Inc. The Chairman agreed that the Commission would use this bill.

A recommendation was made by Daniels that task forces be assigned to four issues: agriculture research, education, capital markets and tax structure. The specific task forces would meet during the interim and then report back to the Commission. The interim task forces (subsidiaries to the Commission) would consist of Senators, Representatives, people from the universities and the private sector, with the majority from the private sector.

The meeting adjourned at 4:00 P.M.

Guest list - (Attachment K)

CONTINUATION SHEET

MINUTES OF THE Legislative COMMITTEE ON Economic Development,
room 519-S, Statehouse, at 12:30 /a./m./p.m. on February 28, 1986, 19 .

Approved by Commission on:

5-7-86

(date)

Feb. 28, 1986
Economic Dev. Comm.

"A"

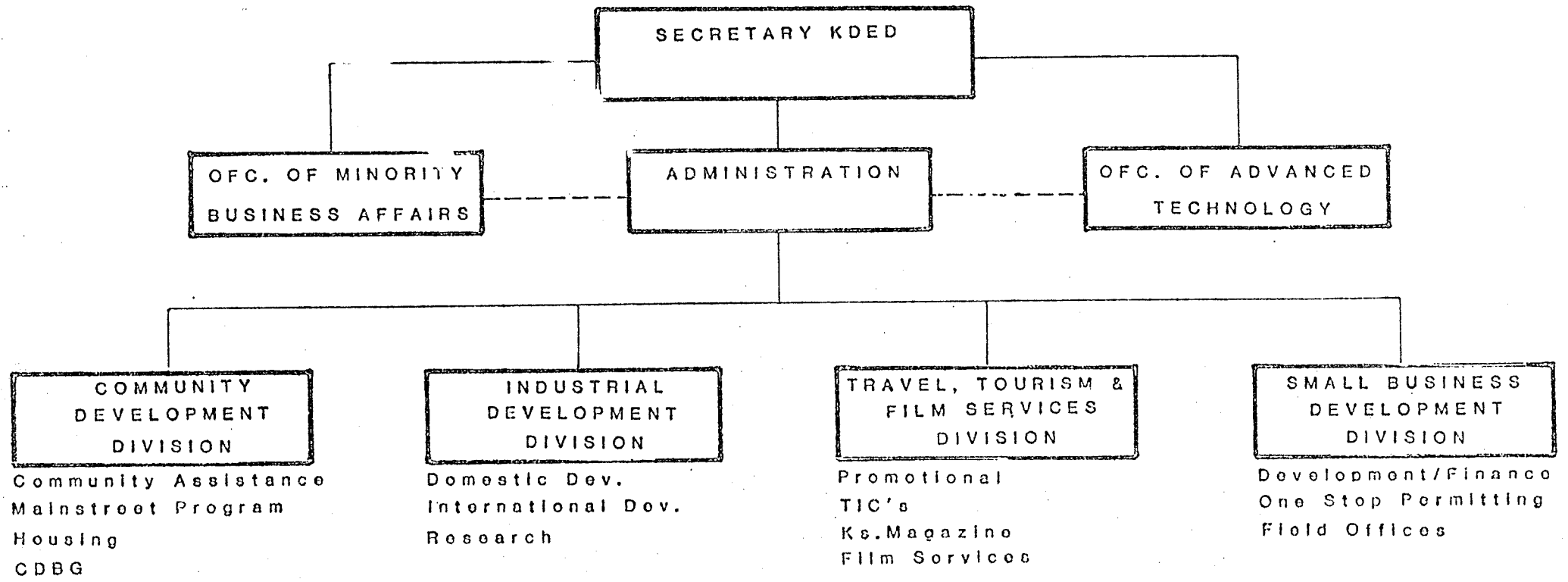
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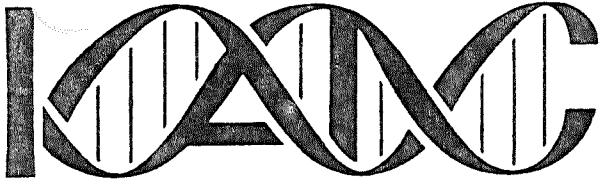
Representing

Cathy Strickler	Sen. Johnston
Christy Young	Great Lakes Chamber of Comm
Eden R. Fedy	US State Board of Agriculture
Harry Salisbury	KS State Board of Ag
Dana Ferrell	Budget
Judy Hays	DOT
Bill Fredeman	Legislature
Don Jallie	Leg.
Jeff Mullenbach	Legislature
Terry Redwood	KU
Roger Christanson	KDED
Rep. Dorothy Nichols	State legislature
Carole Morgan	KDED
Larry Hays	KDED
Billy D. McCray	KDED
Steve Falkner	"
Charles Kason	KU
Phillips V. Bradford	KATC / KDED
Jim Murphy	Sos. Office
Rep. R.D. "BOB" Miller	State Legislator
Rep. Susan Reenbaugh	State Leg.
Rep. Frank Buehler	State Legislator
Steven Graham	KS. Wheat Commission
Rep. Ruth Huzzgate	legislature
Barry Swanson	System
Mark Medford	KSNT
Dalhaurie Jaeger	Legisl.
Al Ramirez	State Rep
Marvin E. Smith	State Rep
Larry Toebler	Laurence Chamber
Jessie Branson	State Rep.

Attachment K

DEPARTMENT OF ECONOMIC DEVELOPMENT
FISCAL YEAR 1987





Kansas Advanced Technology Commission

OUTLINE FOR PRESENTATION
ON FEBRUARY 28, 1986

By Dr. Phil Bradford, Director
Kansas Advanced Technology Commission

The Kansas Advanced Technology Commission was created by the 1983 Legislature for the purpose of developing, promoting, and coordinating programs to enhance the development of technology-based industry in Kansas.

The Research Matching Grant Program is designed to stimulate high tech development by utilizing university research expertise to meet industrial needs and potentials.

The Centers of Excellence program concentrates on specific disciplines or areas of technology in Kansas.

1. Highlights of the program to date include:
 - A. Agriculture
 - B. Aviation
 - C. Biotechnology
 - D. Computers and Electronics
 - E. Energy and Natural Resources
2. Summary of the Matching Grant Program
 - A. FY 85 Grants
 - B. FY 86 Grants (to date)
3. Annual Exposition and Conference
4. Midwest Technology Development Institute (MTDI)

Attachment B

Feb. 28, 1991
Economic Dev.
Comm.



Kansas Advanced Technology Commission



KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT



KANSAS ADVANCED TECHNOLOGY COMMISSION

Ronald Ryan, Chairman

1985 ANNUAL REPORT

Phillips V. Bradford, Director

The Kansas Advanced Technology Commission (KATC) was created by the 1983 Legislature for the purpose of developing, promoting, and coordinating programs to enhance the development of technology-based industry in Kansas. In its second year of operation, the KATC is making a significant impact on the Kansas economy in a number of ways. The KATC administers the Research Matching Grant Program and serves in an advisory capacity to the Board of Regents in the process of developing Centers of Excellence.

The Research Matching Grant Program is designed to stimulate high tech development by utilizing university research expertise to meet industrial needs and potentials. State funds are invested in projects at Regents institutions, with matching support from the sponsoring industrial firms. By selectively investing state funds as seed money for projects which have promising potential for job creation, the KATC has maximized the return on the State's investment.

The majority of grants are being supported by Kansas companies seeking to develop or apply a new technology. In some cases new companies have been formed in Kansas to produce a product developed through a matching grant.

The Centers of Excellence program is also in its second year of operation, with support from the state as well as private sector. Again, the focus is university/industry coordination; however, the Centers of Excellence concentrate on specific disciplines or areas of technology in which Kansas is at or near the "cutting edge."

The economic impact of most research projects will occur in two to four years, although a number of projects have already led to the establishment of new jobs. Highlights of the program to date include:

* **Agriculture**—Economic potential in the commercial baking machinery industry includes expansion of a major manufacturer into Kansas. A remote sensing firm will expand its operation by ten employ-

ees due to the development of a new imaging capability, while Kansas farmers will benefit from access to detailed crop condition information. A Kansas manufacturer of farm machinery and the Kansas farmer in general will benefit from a micro-processor controlled tractor engine and continuously variable transmission designed for unprecedented fuel efficiency.

* **Aviation**—Keeping the Kansas aircraft industry state-of-the-art is a key focus of the KATC. A new firm will be established to manufacture a power supply system for electromagnetic wing de-icing. New mathematical techniques applied to computer graphics will be developed to aid in aircraft design, and the use of artificial intelligence to recognize battlefield targets will help to keep Kansas aircraft manufacturers at the cutting edge of technology. Another project will investigate the effects of chemicals

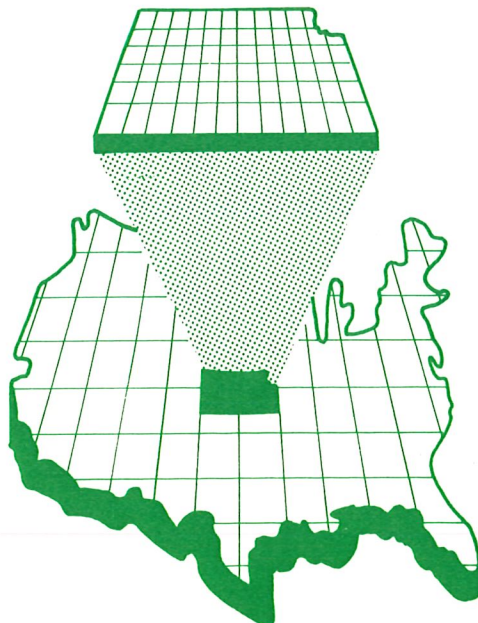
on degradation of newly designed composite materials, an area in which several Wichita companies are advancing. An artificially-intelligent avionics system is also being developed which would create up to forty jobs if successful.

* **Biotechnology**—A chemiluminescent system is being developed to analyze parts per trillion of bioactive substances in the body and in the environment. If the analytical capabilities are developed successfully, a major build-up of biotech and pharmaceutical R & D firms will occur in Kansas.

* **Computers and Electronics**—A revolutionary supercomputer system is under development, with an excellent economic development potential. A shorter term project will seek the development of a microcomputer-based portable module for utility billing, with potential for significant employment in manufacturing. A digital electronic metal detector may put a Kansas firm at the top of this expanding market, while an optical disk storage/retrieval subsystem could create substantial employment in one of Kansas' most innovative computer firms. A microcomputer-based wheelchair is in the final stages of development, while a new system for optical fiber testing offers Kansas a chance to capitalize on one of the fastest growth markets of the 1980's.

* **Energy and Natural Resources**—An ionizing-radiation detection and monitoring system will allow industry to develop and market radiation detection equipment. Another project seeks to identify the source and geological nature of the newly-discovered hydrogen reservoir in Central Kansas, with great potential for development in the chemical industry.

A commercial scale gasifier will create jobs in manufacturing as well as in fuel preparation. A microprocessor aided ethanol fermentation system will create jobs and improve markets for Kansas grains.



GRANTS STIMULATE UNIVERSITY/INDUSTRY COOPERATION

INSTITUTION	PROJECT	INDUSTRIAL SPONSOR(S)	STATE \$	INDUSTRY \$
Kansas State University	Design and Development of a Commercial Wood Chip Gasifier	Buck Rogers Co., Inc.	\$19,123	\$ 28,684
	Spline Function Representation of Objects	Boeing Military Airplane Company	79,310	118,967
	Microwave Technology for Processing Brown-and-Serve Bakery Products	Bettendorf Stanford	10,000	15,000
	Radiation Detection and Monitoring	Kansas Gas & Electric	35,268	52,902
	Assessment of Crop Condition by Remote Sensing	Earth Resource Data Corporation	20,000	30,000
	Characteristics of Real Time Knowledge Based System Structures	Boeing Military Airplane Company	6,632	9,948
	Graphics Modelling & Computer-Aided Optical Synthesis of Kinematic Systems	Phillips Petroleum Co.	4,667	7,000
Pittsburg State University	Microprocessor Controlled Pilot Scale Production of Ethanol by Zymomonas Mobilis	Wade Energy Research and Development, Inc.	6,000	9,000
	Portable Microprocessor Module for Utility Billing	Energy Technology Labs, Inc.	6,600	10,340
University of Kansas	Optimization of Analytical Chemiluminescent System	Oread Laboratories, Inc.	60,000	90,000
	Extension of Microcomputer-Based Wheelchair System	Kantronics, Inc.	10,000	15,000
	Advanced Metal Detection by Microprocessor	Kantronics, Inc.	11,200	16,800
	Evaluation of the Origin and Resource Potential of Hydrogen in Natural Gas from Central Kansas	Phillips Petroleum Co.	5,330	8,000
	Optical Disk Storage System	Tallgrass Technologies	36,190	54,285
Wichita State University	Power Supply and Sequencing Unit for a General Aviation Electro-Impulse De-icing System	Electrodelta, Inc/Aerotech, Inc.	12,000	18,000
	Evaluation Scheme for Testing Optical Fibers and Coupling Devices	NCR Corporation	4,492	6,739
	Preliminary Aircraft Configuration Synthesis and Evaluation System	Boeing Military Airplane Company	25,648	48,963
	Target Recognition with Object Interference	Boeing Military Airplane Company	5,077	11,341
	Degradation of Mechanical Properties of Advanced Composite Materials Exposed to Aircraft Service Environment	Boeing Military Airplane Company	11,700	25,380
	Assistance in the Design and Development of a VLIW Supercomputer System	EBNEK, Inc.	17,881	38,946

SUMMARY OF FY 85 GRANTS BY INSTITUTIONS

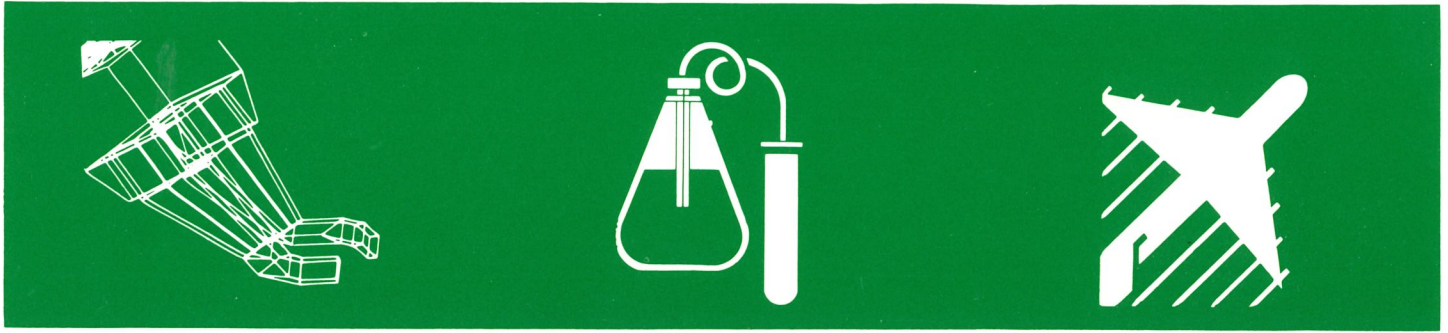
UNIVERSITY	# GRANTS	STATE \$	INDUSTRIAL \$	TOTAL \$
Kansas State University	7	175,000	262,501	437,501
Pittsburg State University	2	12,600	19,340	31,940
University of Kansas	5	122,720	184,085	306,805
Wichita State University	6	76,798	149,369	226,167
TOTAL	20	\$387,118	\$615,295	\$1,002,413

CENTERS OF EXCELLENCE MAKE SIGNIFICANT ADVANCEMENTS

In 1985, the State of Kansas continued support for "Centers of Excellence" at Kansas State University, The University of Kansas, and Wichita State University. The program is designed to enhance the Kansas economy utilizing academic programs

which are at the leading edge of research and have potential for job creation in Kansas. \$168,000 in state funds was allocated to each Center, matched 50% by industrial funds. This is a longer term program in

which the "high technologies of the future" which have potential to impact the Kansas economy are being developed. The following summary provides a look at the progress of the three Centers.



Kansas State University: Center for Artificial Intelligence and Automated Control Systems

The Center for Artificial Intelligence and Automated Control Systems focuses on the development of advanced control systems for the revolutionary changes occurring in the manufacturing, design, and service industries. Several significant advancements have been made during the Center's first year of operation, with the primary benefits to aircraft and farm machinery manufacturers. These developments include control strategies for robots and other articulated devices, stereoscopic vision for robotic control, computer control of tractor engines and continuously variable transmissions, and means of converting two dimension engineering design drawings to three dimensional computer-aided design data.

In addition to generating new technology, the Center holds seminars and training sessions to transfer new developments to Kansas companies.

The Center has also worked with academic and industrial scientists on industrially-sponsored research projects in the areas of wood chip gasification, radiation detection, and graphics modelling.

Contact: Dr. J. Garth Thompson, Director, Center of Excellence in Computer-Controlled Automation, Durland Hall, Kansas State University, Manhattan, Kansas 66506, Phone (913) 532-5610.

University of Kansas: Center for Bioanalytical Research

The Center for Bioanalytical Research focuses its efforts on exploratory research leading to the development of sophisticated bioanalytical methods for the pharmaceutical and biotechnology industries. As these industries have begun to identify new, potent chemicals with potential for therapeutic applications, it is becoming critical to be able to measure minute quantities of such chemicals. Current bioanalytical capabilities severely limit the ability to develop these chemicals into marketable drugs. The Center is already the leading research group in the world in this area. With strong private sector and government support, the Center is already employing 25 scientists and technicians.

The initial goal of the Center is to develop detection capabilities up to 1,000 times greater than is currently possible. Research breakthroughs will be exploited by Oread Laboratories, a wholly owned subsidiary of the KU Endowment Association, with two patent applications having already been filed. If the Center's research is successful, Kansas could experience a major build-up of biotech and pharmaceutical research and production facilities.

Contact: Dr. Theodore Kuwana, Director, Center for Bioanalytical Research, 2099 Constant Avenue, University of Kansas, Lawrence, Kansas 66046, Phone (913) 864-5140.

Wichita State University: Center for Productivity Enhancement

The Center for Productivity Enhancement focuses on transferring new technology to manufacturing operations in four areas of technology: advanced composite materials, computer-aided design and manufacturing (CAD/CAM), robotics, and digital electronics.

During its first year of operation, the Center has assembled a state-of-the-art CAD lab and has conducted four training courses for engineers in the aircraft industry. A robotics lab will be completed this summer while an international search is being conducted for a director in the area of artificial intelligence. Exploratory research at the Center is primarily in the area of composite materials for lighter and more versatile aircraft.

The economic impact of the Center lies in keeping Kansas firms at the leading edge of manufacturing and materials technology, critical to the aircraft industry. The Center is also working with companies in general manufacturing, electronics, and computers, and works in conjunction with the Small Business Development Center in providing engineering assistance to clients.

Contact: Dr. Richard Graham, Director, Center for Productivity Enhancement, Wichita State University, Campus Box 146, Wichita, Kansas 67208; Phone (316) 689-3525.

TECH EXPO SUCCESSFUL

The KATC, in conjunction with KDED, the Overland Park Chamber of Commerce, Southwestern Bell Telephone, and AT&T Information Systems, held the second annual "Kansas Technology Exposition & Conference" on April 18-19, 1985, at the Overland Park Marriott. The conference provided valuable insights on developing, acquiring, and applying technology, and was attended by 300 people.

William C. Norris, Chairman of the Board and CEO of Control Data Corporation, delivered the keynote address. The conference also included an outlook for high tech in Kansas by Dr. Phil Bradford, Director of the KATC, and Dr. John Walsh, Chief Scientist for Boeing Military Airplane Company. Workshops were held on university/industry research, venture capital, company start-up, protection of new ideas and inventions, and federal grant programs.

Exhibits were displayed by fifty Kansas companies and research organizations, with products ranging from advanced computer hardware to robotic wire and cable assembly.

MIDWEST TECHNOLOGY CONSORTIUM

Kansas is part of the newly-formed Midwest Technology Development Institute

(MTDI), a nine-state consortium created to expand technological cooperation between the Midwest and other countries. Dr. Phil Bradford, Director of the Kansas Advanced Technology Commission, serves as Vice Chairman-Technology for the MTDI.

The institute will enhance existing academic research strengths through governmental and industrial funding, and will market new technologies internationally.

RESEARCH PARKS ANNOUNCED

Both Manhattan and Lawrence have announced new research parks which will provide an environment for high tech industry. In Manhattan, the Technipark is being developed by the KSU Foundation and will provide an attractive atmosphere for research, education, and professional activities. The Kansas Wheat Commission is the first tenant of the 38-acre park, located west of the KSU campus adjacent to the U.S. Grain Marketing Research Laboratory.

Located at the west edge of Lawrence, the 296-acre University Corporate and Research Park is being developed by Robert Billings. Kohlman Systems Research will be the first tenant of the park, which will also capitalize on university resources.

LEGISLATIVE ISSUES FOR 1986

The KATC will propose several initiatives for 1986, based on the needs and potentials of Kansas technology-related industries and entrepreneurs, academic institutions, and a review of state high tech programs.

- * Establish a "High Technology Public Authority" to effect the formation of technology-based industry. The Authority would manage a venture capital fund capitalized by private sources, operate incubator facilities, and solicit joint university-industry research contracts and grants.
- * Continued support for Centers of Excellence and the Research Matching Grant Program.
- * Establish a state fund to match federal Small Business Innovation Research grants to Kansas researchers and companies, in order to stimulate technological innovation in small firms. A state fund would enhance the process of commercialization within Kansas.
- * Designate industrial liaison representatives at each of the research universities for the purpose of improving research and academic ties to industry.

KANSAS HAS SOLID HIGH TECH BASE

Led by the aircraft industry, Kansas has a solid base in high technology, ranking tenth among states in percentage of employment in high technology industries. Other high tech industries are flourishing in Kansas, including communications equipment, software, medical instruments, pharmaceuticals and biologicals, com-

puters, research and testing labs, electrical equipment, and scientific instruments.

Technology-based industries continued to grow in 1984, primarily in the areas of communications equipment and scientific equipment. A breakdown of the number of new firms, expansions, and jobs created is presented below.

<i>Manufacturing Category</i>	<i># New Firms</i>	<i># Expansions</i>	<i>New Jobs</i>
Biologicals; Chemicals; Plastics; Pharmaceuticals	1	2	13
Industrial & Electronic Machinery; Communications Equipment	10	6	1,458
Aircraft & Parts; Motor Vehicles	0	2	0
Engineering, Scientific & Medical Equipment	4	4	244
Computer & Office Machines	2	0	4
TOTAL GROWTH—1984	17	14	1,719

KANSAS



ADVANCED TECHNOLOGY COMMISSION

1984 REPORT TO THE LEGISLATURE

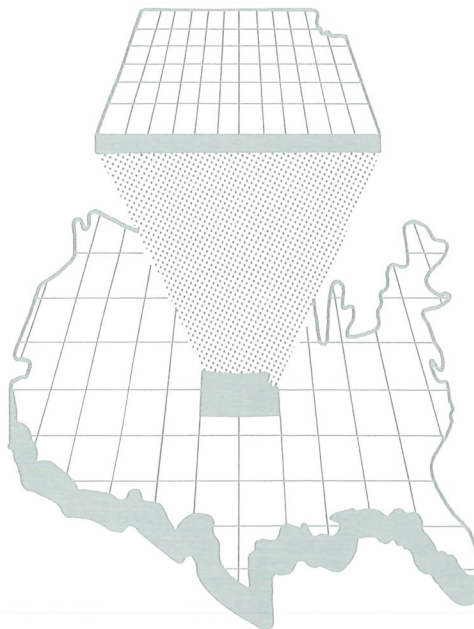
In 1983 Kansas made an important investment in the future of our economy. The establishment of the Kansas Advanced Technology Commission and associated high technology programs—the Centers of Excellence and the Research Matching Grant Program—hold great promise for economic development. By carefully investing the state's resources as seed money for university/industry research projects which have economic potential, the Kansas Advanced Technology Commission and the participating universities have laid the groundwork for an excellent return to the state in terms of increased employment, investment, and expanded markets for Kansas products.

The state's investment in Centers of Excellence and Research Matching Grants offers potential for the creation of several hundred new jobs within the first two to three years, with an even greater impact to follow within five years. These jobs will be primarily in the areas of agricultural machinery, aviation, electronics, pharmaceuticals, robotics, telecommunications, and oil recovery, although the impact will be felt throughout the Kansas economy in general.

There will be a significant economic impact resulting from the two programs. A number of research projects under the program are directly linked to Kansas companies, with the potential for increased employment and improved production efficiency within those firms. In other cases, the potential for economic impact lies in the possibility of the development of a new manufacturing operation—either an outside firm expanding into Kansas or development of a new company from within. The Centers of Excellence will impact a wide range of industries through the application of new technologies useful to the

industrial community in general. Other projects will open up new markets for Kansas-produced goods and agricultural products. Highlights of the program to date include:

* Agriculture—four Kansas firms are seeking the possible development of new grain milling equipment within the next year. The baking equipment industry would benefit from the development of new product lines with potential for substantial job opportunities. Kansas will improve its position as a nucleus of milling equipment manufacturing and associated engineering support, and the baking industry itself will benefit from new production methods. A major commercial manufacturer of baking equipment will seek to locate in Kansas within



a year. New markets will be developed for Kansas wheat. Another project, if successful, would lead to the addition of approximately 50 employees in the manufacture of agricultural machinery, with a potential new market of over \$50 million, while the Kansas farmer will benefit from increased production efficiency.

- * Aircraft—an estimated 50 jobs will be created in the short term as a result of a new de-icing system and the application of new composite materials.
- * Electronics—two companies which are engaged in the manufacture of electronics equipment have potential for opening up new markets in the \$50-75 million range and substantial job creation as a result of the development of ground-probing FM radars and a computer-controlled wheelchair.
- * Energy—the Kansas oil industry will benefit from research that will seek to decrease the cost of exploration for the estimated 1-2.2 billion barrels of oil in Kansas that can be recovered using tertiary methods. The project will enhance the state's tertiary research program.
- * Pharmaceuticals—research aimed at developing synthetic peptides will likely stimulate commercial development of drug manufacturing facilities and other bio-tech industries.
- * Robotics—research in the area of robotics offers potential for robotics manufacturing, and will also make valuable technology available to Kansas industry as a whole.
- * Telecommunications—a manufacturer of telecommunications equipment is considering expansion into Kansas, in part due to a research project aimed at improving satellite modulation.

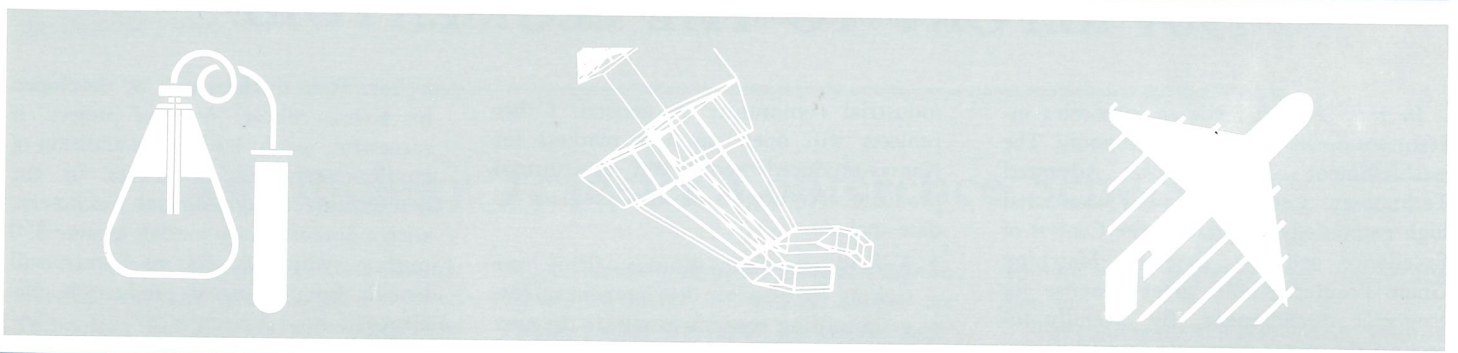
Kansas Centers Of Excellence Created

A key element in the state's strategy for high technology development is the utilization of advanced research capabilities to stimulate economic development. During the 1983 Session, the Kansas Legislature allocated \$390,000 in state funds to allow establishment of "Centers of Excellence" at Kansas University, Kansas State University, and Wichita State University. The program is intended to enhance the Kansas economy utilizing university research programs which (a) are near the "cutting edge"

of research in their respective disciplines, (b) have good potential for economic impact in Kansas, and (c) fit within the long range goals of the universities. The \$130,000 allocated to each university must be matched at least 150% by non-state sources, and is considered "seed capital" which can attract federal and private research dollars during the first two years and eventually lead to commercial production in Kansas.

The Centers of Excellence program has

generated a great deal of excitement in both the industrial and academic communities, given the excellent opportunities each offers for stimulating high tech development—both in terms of new companies and updating existing manufacturing and agricultural operations. Each of the three universities has made progress toward the development of its Center of Excellence, although each is at a different stage in the development process. The following summary provides a look at these promising programs.



Kansas University: Center for Bioanalytical Research

Focus: The Center for Bioanalytical Research is the first Center of Excellence in Kansas to become fully operational. The focus of the center will be the design and implementation of chemistry, instrumentation and analytical methodology which will allow for the detection of minute quantities of drug substances, biochemicals, environmental contaminants and other bioactive materials. Results from such research could be used to detect foreign substances in the body that are potentially harmful and could lead to methods for treatment, and may also be applied to the solution of various biomedical, environmental, and agricultural problems.

Economic Impact: The Center for Bioanalytical Research holds great promise for the Kansas economy. The center will seek to develop techniques which would make it possible to conduct a great number of studies in health-related areas, providing a strong magnet for high tech firms. This potential is evident in the fact that the center is already negotiating with a federal agency for a research contract approaching \$1 million.

Kansas State University: Center for Artificial Intelligence and Automated Control Systems

Focus: The Center for Artificial Intelligence and Automated Control Systems has been designated by Kansas State University as its Center of Excellence, pending final approval of the Board of Regents. The center will focus on the development of advanced control systems for the revolutionary changes needed in the manufacturing, design, and service industries.

The use of fifth-generation computers will be applied to develop manufacturing and design control systems which possess the highest possible level of organization and decision-making.

Economic Impact: Without state-of-the-art production, information management, and design systems, Kansas businesses will be at a severe disadvantage in competing in both domestic and international markets. The Center for Artificial Intelligence and Automated Control Systems offers excellent potential for incorporating the latest design and manufacturing technology into the operations of a multitude of Kansas manufacturers.

Wichita State University: Center for Productivity Enhancement

Focus: The Center for Productivity Enhancement has been approved by the Board of Regents and will soon be operational. The focus of the center will be the merging of manufacturing with high technology in four fields: advanced composite materials, computer-aided design and manufacturing, robotics and artificial intelligence, and digital electronics. The primary thrust will be to make new technological developments available to existing and potential Kansas industry.

Economic Impact: Results from research carried on at the Center for Productivity Enhancement could impact the state's economy in several ways. The center will improve the competitive positions of Kansas firms by increasing manufacturing efficiency through the infusion of new manufacturing systems. New lightweight materials will be designed for the aircraft industry. The advantages of robotics and computer-aided design and manufacturing will be made readily available to Kansas industry.

Research Matching Grant Program

Grants Approved: FY 1984

During the 1983 Session, the Kansas Legislature allocated \$610,000 in state funds for a Research Matching Grant Program involving cooperative research projects between Kansas institutions of higher education and industry. The intent of the program is to stimulate research and tech-

nological innovation in order to create jobs, induce investment, and improve production efficiency of Kansas firms. Each expenditure of state funds under the program must be matched at least 150% by non-state sources.

The program is administered by the

Kansas Advanced Technology Commission and KDED, with eleven proposals approved to date. Approximately \$370,000 in state resources and \$570,000 in matching funds from sixteen companies have been committed to the eleven projects. The approved projects, their institutions and industrial sponsors are:

INSTITUTION	PROJECT	INDUSTRIAL SPONSOR(S)	STATE \$	INDUSTRY \$
Kansas University	Computer-Assisted Design of Peptidomimetic Drugs	TRIPOS Associates	\$50,000	\$ 75,000
Kansas University	High Capacity Modulation Methods for Communication Satellites	Hughes Aircraft	50,000	75,000
Kansas University	Development of Ground-Probing FM Radars	Kohlman Systems Research, Inc.	24,000	36,073
Kansas University	Improvement of Wheelchairs Utilizing Microcomputers	Kantronics, Inc.	20,000	30,000
Kansas State	Quality Parameter Monitoring System for Control in Grain Handling and Processing Industries	Technician Industrial Systems Hewlett-Packard	73,000	111,407
Kansas State	Robotics Research	International Robomation Motorola, Inc. Armco Steel Co.	47,292	70,938
Kansas State	Computer Control of Tractor Engines and Continuously Variable Transmissions	Caterpillar Tractor Co. Hesston Corp. Funk Manufacturing	42,708	73,000
Kansas State	Computer Controlled Microwave Food Processor for Defrosting and Baking of Bakery Products	Bettendorf Stanford, Inc.	12,000	18,000
Wichita State	Flight Test of Electro-Impluse De-Icing System in a General Aviation Aircraft	Cessna Aircraft Co.	26,500	40,900
Wichita State	Simulation of Petroleum Reservoir Behavior	Geology Advisory Council	18,000	27,000
Wichita State	Composite Material Testing and Development of Microcomputer Software for Analysis and Design	Precision Composites, Inc.	8,000	12,000

BREAKDOWN BY INSTITUTION (as of March 1, 1984)

INSTITUTION	ALLOCATION	STATE \$ AWARDED	MATCHING FUNDS	TOTAL GRANTS
Kansas University*	\$220,000	\$144,000	\$216,073	\$360,073
Kansas State	175,000	175,000	273,345	448,345
Pittsburg State**	85,000	0	0	0
Wichita State	130,000	52,500	79,900	132,400
TOTAL	\$610,000	\$371,500***	\$569,318	\$940,818

* Proposal pending approval for \$76,000 in state funds and \$114,000 in matching funds.

** Proposal pending approval for \$85,000 in state funds and \$154,500 in matching funds.

*** Totals are as of March 1, 1984. It is expected that the entire allocation of \$610,000 will be committed by June 30, 1984.

Recommendations for 1984-1985 Program

Building on the experiences and results of the initial year's activity, we are confident program expansion is desirable and that there is good potential for substantial results.

We eagerly anticipate arrival of the High Technology Director on about April 1 and we expect significant progress in the development of research and development capacity in the state and in transfer and application of new technology as a result of the Director's work.

The Commission has made the following budget recommendations to the Governor for FY 1985:

- * \$645,000 for enhancement of the three existing Centers of Excellence (\$215,000 each);
- * \$855,000 for the Research Matching Grant Program, with allocations to each university proportional to those made in FY 1984;
- * Allow the universities flexibility to

devote Research Matching Grant funds to existing or new Centers of Excellence.

The Commission pledges to continue oversight of high technology developments in Kansas and to make appropriate recommendations, and to take action in developmental areas. We will continue to work with the Board of Regents in recommending policies which will facilitate industry/university relations.

Technology Transfer Conference Scheduled

The Kansas Department of Economic Development and the Kansas Advanced Technology Commission will sponsor the first Kansas Technology Transfer Conference on April 11-12, 1984, at the Wichita Hilton Inn East. The conference is designed to improve the ability of Kansas manufacturers, research and development firms, and academic researchers to translate ideas into new products.

Dr. Timothy Janis, Director of Program Development for the Indiana Center for Advanced Research, will address the audience on the subject of "Putting New Technology to Work." The Indiana Center for Advanced Research works closely with the NASA Technology Transfer Program in providing a link between developers of new technology and those who might be able to

employ it to improve their competitive position.

The conference will also include seminars on venture capital and R & D financing; patenting, marketing, and licensing new products; and university-industry research agreements. A number of corporate and academic researchers will display new and emerging technologies available in Kansas.

High Tech Growth in Kansas

In 1983, high tech industries accounted for approximately 36% of the total growth in manufacturing employment in Kansas, with nearly 1,700 new jobs added to the state's employment base. Growth is occurring in nearly every sector of high tech

manufacturing as well as in the computer software industries. A breakdown of the number of new firms, expansions, and resulting new jobs created during 1983 is presented below.

<i>High Tech Category</i>	<i># New Firms</i>	<i># Expansions</i>	<i>New Jobs</i>
Biologicals; Chemicals; Plastics; Pharmaceuticals	7	2	368
Engines; Construction and Industrial Machinery	8	9	340
Computers and Office Machines Electronic Machinery;	3	1	124
Communications Equipment	9	5	238
Aircraft and Parts; Motor Vehicles	4	8	272
Engineering, Scientific, and Medical Equipment	4	3	345
TOTAL HIGH TECH GROWTH—1983	35	28	1,687

Source: Kansas Department of Economic Development

RESEARCH MATCHING GRANT PROGRAM SUMMARY

<u>Project Title</u>	<u>Univ</u>	<u>State</u>	<u>\$ Company</u>	<u>Match</u>	<u>\$ Review</u>	<u>\$.. ansfer</u>
FY84						
1. Composite Materials Testing & Devel. of Software for Analysis	WS	8,000	Precision Composites	12,000	09/30/83	04/05/84
2. Flight Test of Electro-Impulse De-Icing System in Gen. Aviation Aircraft	WS	26,500	Cessna	40,900	"	01/06/84
3. Improvement of Wheel-chairs Utilizing Micro-computers	KU	20,000	Kantronics	30,000	"	11/21/83
4. Computer-Aided Design of Peptidomimetic Drugs	KU	50,000	Tripes Associates	75,000	"	03/06/84
5. Airplane Drag Reduction Through Flow Visualiz.	KU	50,000	Cessna	75,000	"	WITHDRAWN
6. Robotics Research	KS	47,292	IRI; Motorola; Armco	70,938	"	11/28/83
7. Monitoring System for Control in Grain Handling & Processing	KS	73,000	Technicon; Hewlett-Pac.	111,407	"	01/04/84
8. Computer-Controlled Microwave Processor for Defrosting & Baking Bakery Products	KS	12,000	Bettendorf Stanford	18,000	"	02/01/84
9. High Capacity Modulation Methods for Communications Satellites	KU	50,000	Hughes Aircraft	75,000	11-11-84	01/30/84
10. Fourier Transform Near Interferometer	KS	33,325	IBM Instruments	50,000	"	WITHDRAWN
11. Computer Control of Tractor Engines & Continuously Variable Transmissions	KS	42,708	Caterpillar; Funk Mfg; Hesston	73,000	"	04/20/84
12. Advanced Antenna & Digital Signal Processing for TVRO Antennas	KU	26,000	Birdview Satellite	39,000	"	WITHDRAWN
13. Development of Ground-Probing FM Radars	KU	24,000	Kohlman Systems	36,000	"	02/21/84
14. Simulation of Petroleum Reservoir Behav.	WS	18,000	Geology Advisory Cou.	27,000	12/16/83	02/28/84
15. Optimization of Chemiluminescent System	KU	76,000	Oread Laboratories	114,000	03/02/84	05/04/84

16. Computer-Aided Part & Mold Design for Manufacture of Plastic Products	PS	85,000	PSI Sys-tems Corp.	127,500	"	01/10/8
17. Detailed Reservoir Analysis of Bunker Hill Oil Field	WS	6,667	Rains&Williamson Oil	10,000	04/12/84	06/06/8
FY85						
18. Power Supply & Sequencing Unit for General Aviation Electro-Impulse De-Icing System	WS	12,000	Electrodel-ta; Aerotech	18,000	07/09/84	11/08/8
19. Analytical Technology of Peptides	KU	60,000	Dread Laboratories	90,000	09/07/84	07/22/85
20. Microcomputer-Based Control of Conveyor Dryer	PS	22,078	Hix Corp.	33,117	"	WITHDRAWN
21. Extension of Microcomputer Based Wheelchair	KU	10,000	Kantronics	15,000	10/26/84	04/08/8
22. Design & Development of Commercial Wood Chip Gasifier	KS	19,123	Buck Rogers Co.	28,684	"	01/16/85
23. Spline Function Representation of Objects	KS	79,310	Boeing Military	118,967	01/18/85	11-18-85 \$14,626
24. Signal Strength Mapping Instrumentation for Cellular Radio-Telephone Systems	KS	4,000	Lunayach Commun.	6,000	"	WITHDRAWN
25. Developing Microwave Technology for Processing Brown-and-Serve Bakery Products	KS	10,000	Bettendorf Stanford	15,000	"	WITHDRAWN
26. Evaluation Scheme for Testing Optical Fibers and Coupling Devices	WS	4,492	NCR	6,739	03/22/85	
27. Radiation Detection & Monitoring Lab.	KS	38,000	KGE	57,000	"	
28. Conference on Personal Computers in Mfg.	KS	7,000	Hewlett Pac. Boeing Collins-Rockwell Intl. NCR	10,500	"	REFUSED
29. Assessment of Crop Cond. by Remote Sensing	KS	20,000	Earth Res. Data Corp.	30,000	"	7/24/85
30. Addl. Fund. for Spline Function Project	KS	21,039	Boeing Military	31,557	"	
31. Characteristics of Real	KS	6,632	Boeing	9,948	"	8/30/85

Time Knowledge Based
System Structures

32. Research in Graphics Modelling & Computer Aid. Optical Synthesis of Kinematic Systems	KS	4,667	Phillips Petro.	7,000	"	10-7/85
33. Prelim. Aircraft Configuration Synthesis & Eval. System	WS	29,664	Boeing	44,497		05-24-85
34. Target Recognition with Object Interference	WS	6,312	Boeing	9,467	"	
35. Investigation of Degradation of Mechanical Prop. of Adv. Composite Matls. Exposed to Aircraft Serv. Environ.	WS	14,832	Boeing	22,248	"	
36. Assist. in Design & Dev. of VLIW Supercomputer	WS	22,730	Ebnek, Inc.	34,097	"	
37. Microprocessor Control. Pilot Scale Production of Ethanol by Zymomonas Mobilis	PS	6,000	Wade Energy R & D, Inc.	9,000	"	
38. Portable Microprocessor for Utility Billing	PS	6,600	A.D. Brown	10,340	"	WITHDRAWN
39. Adv. Metal Detection by Microprocessor	KU	11,200	Kantronics	16,800	"	
40. Evaluation of Origin & Resource Potential of Hydrogen in Natl. Gas from Central Ks.	KU	5,330	Phillips Petro.	8,000	"	7-22-85
41. Optical Disk Storage System	KU	36,190	Tallgrass Technol.	54,285	"	
42. Feasibility Study for Flexible Automation in Elec. Motor Assembly	WS	1,333	Electro Mech	2,000		06-28-85
43. Feasibility of High Tech Sm. Business Incubator on Pittsburg Area Economy	WS	8,000	PIDC	12,000	"	REFUSED
44. New Micro Sampling Techniques in Brain Analysis	KU	16,000	Dread	24,000		09-13-85 12-3-85
45. Implementation of Mfg. Resource Planning Compu. System on Factory Level	WS	66,530	Electro Mech	99,794		10-18-85
46. Selection & Implementa.	WS	10,458	Boeing	21,188		11-22-85

of Knowledge-Based Tech. KS Boeing Military
to an Operations Analy-
sis Evaluation Model

47. Automated Welding Ap- plicationn for Small/ Large Custom Proj.	PS	6,064	Stephens Mfg.	9,097	"	
48. Medical Bus-Structural Integrity & Analysis Using Nastran	WS	148,717	Universal Technol.	247,508	"	
49. Basic Studies on Trans- dermal Drug Movement	KU	108,000	IPRX, Inc.	162,000	"	
50. Ultra-Sensitive Assays for Biogenic Amine Analysis	KU	32,000	Dread Lab.	48,000	"	
51. Preparation & Applica- tion of Finishes	PS	4,000	Atkinson Industries	6,000	"	
52. Expert Systems for Synthesis & Design of Process Systems	KS	16,000	Exxon Fdn.	24,000	"	REFUSED
53. Ergonomics of Computer Terminals	KS	16,666	IBM	25,000	"	REFUSED
54. Development of Commer- cial Wood Chip Gasifier	KS	20,614	Buck Rogers Co., Inc.	30,922	"	
55. Preliminary Aircraft Configuration Synthesis & Eval. System Phase II	WS	26,994	Boeing Military	48,794	12-20-85	
56. Integration of Time- Varying Data into Know- ledge-Based Systems for Avionics Applications	KS	6,667	Collins Avionics	10,000	"	
57. Analytical Optmization & New Detection Technol.	KU	40,000	Dread Lab.	60,000	"	
58. Educational Robot Pro- totype	PS	10,800	Ah's, Inc.	16,200	1-20-86	
59. Automated Assembler- Welder	PS	18,279	Parsons Precision	27,419	"	

MEMBERS OF THE KANSAS ADVANCED TECHNOLOGY COMMISSION

GOVERNOR'S APPOINTMENTS

Mr. Ronald Ryan (Chairman)
Chairman of the Board
Ryan Aviation, Inc.
151 N. Main
Wichita, KS 67202
(316)264-3800

Mr. Michael H. Fragale (Vice-Chairman)
Sutherland Lumber Co., West Coast
4018 Main St.
Kansas City, MO 64111
(816)756-3000 Ext. 230

Mr. Lexie Covington
President
Modern Networking Services
8420 New Jersey
Kansas City, KS 66109
(913)334-0037 or -9460

Dr. Takeru Higuchi
President
InterX, Inc.
2201 W. 21st St.
Lawrence, KS 66044
(913)841-1700

Dr. John Walsh
Vice-President
Boeing Military Airplane Co.
Box 7730, Mail Stop K16-10
Wichita, KS 67277-7730
(316)526-7527

LEGISLATIVE APPOINTMENTS

The Honorable Jayne Aylward
State Representative
2729 Belmont
Salina, KS 67401
(913)823-8519

The Honorable Norma Daniels
State Senator
Box 128
Valley Center, KS 67147
(316)755-0394

The Honorable George Dean
State Representative
2646 Exchange Place
Wichita, KS 67217
(316)681-7155

LEGISLATIVE APPOINTMENTS (cont.)

The Honorable David Kerr
State Senator
Box 2620
Hutchinson, KS 67502
(316)663-1225

UNIVERSITY APPOINTMENTS

Dr. Robert Kruh
Dean of Graduate School
Fairchild Hall
Kansas State University
Manhattan, KS 66506
(913)532-6191
KANS-A-N 8-562-6191

Dr. Edward L. Meyen
Associate Vice-Chancellor
Research, Administration, Graduate
Studies, and Public Service
226 Strong Hall
University of Kansas
Lawrence, KS 66045
(913)864-3131
KANS-A-N 8-564-3301

Mr. Frederick Sudermann
Director of Research and Sponsored
Program and Governmental Relations
1845 Fairmont
Wichita State University
Wichita, KS 67208
(316)689-3285
KANS-A-N 8-563-3285

Dr. F. Victor Sullivan
Dean, School of Technology
and Applied Science
1701 S. Broadway
Pittsburg State University
Pittsburg, KS 66762
(316)231-7000 Ext. 366
KANS-A-N 8-566-4366

Biographical Sketch
Phillips V. Bradford, Director
Kansas Advanced Technology Commission
503 Kansas Avenue
Topeka, KS 66603
913-296-5272

Current Position: Director of Kansas Advanced Technology Commission. A group of Corporate, Academic and Government Leaders to serve the State of Kansas in High Tech Industrial Development. Vice-Chairman, Technology for the Midwest Technology Development Institute.

Education: Sc.D. Columbia University, New York, 1968
M.E.E. University of Virginia, Charlottesville, 1964
B.E.S. Johns Hopkins University, Baltimore, 1962

Experience: Summary below. See attached resume' of prior positions for details.

- 3 years: State University and State Government Executive Administration.
- 7 years: Applied research and product development in industry.
- 6 years: Financial and investment analysis on Wall Street.
- 7 years: Basic research and academic posts.

Patent Agent: Registered December 31, 1980, Reg. No. 30,030.
Licensed to practice before the U.S. Patent and Trademark Office.

Author -
Inventor: Author of numerous published technical papers, the Solar Energy Handbook, and hundreds of nontechnical reports. Holder of a patent on a multi-million dollar successful commercial product.

Technical
Skills: Computer and microprocessor programming.
Microwave, r.f., antennas, and communications.
Optics, fiberoptics, and electromagnetic theory.
Plasma physics, ionized gases, vacuum technology.
Electrical circuits and power engineering.
Mechanical engineering, metallurgy, and materials analysis.
Energy conservation, energy management, alternative energy.
Solar energy, flat plate, photovoltaic, air-conditioning.

Management
Training: Seminar leadership and presentations to top management.
Market development, industrial promotion and advertising.
Production planning, procurement, and plant start-up.
Customer liaison, and direct sales calls. Governmental program management, and university/industry research liaison.

Resume of Prior Positions

Director, Office of Corporate and
Industrial Research,

-- April 1982 to July 1984

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY, New Brunswick, N.J.

A major state university. This position, reporting to the President of the University, included responsibility for liaison between corporate and university research interests, research contract negotiation, invention and patent administration, and committee representation for state government. A significant increase in corporate-sponsored research and formulation of major new initiatives in university/industrial cooperative efforts were accomplished.

Manager of Energy Product Development,
PHELPS DODGE INDUSTRIES, INC., New York, N.Y.

-- October 1977 to April 1982

The manufacturing arm, with annual sales of about \$900 million, of Phelps Dodge Corporation, the world's largest independent copper producer. This position carries full responsibility for all phases of new product development from conception to commercialization for products in the energy field. Three new products in the field of solar energy have been successfully introduced, and a new corporate unit formed to serve this new market. Other responsibilities include energy management and energy conservation for 16 manufacturing plants, analysis of new business opportunities and management of technical resources (including R & D) for product development.

Management Staff Scientist,
AMETEK, INC., Paoli, Pa.

-- March 1976 to October 1977

A diversified manufacturing company with sales of about \$400 million per year. This position entailed performing basic research in photovoltaic materials and specialized surface coatings. It also included product development in solid state sensors and solar collectors. The management of product promotion and the development of test procedures were also accomplished. The Solar Energy Handbook was written under this position.

Industry Specialist,
MERRILL LYNCH, PIERCE, FENNER & SMITH, New York, N.Y.

-- March 1973 to February 1976

The world's largest broker and dealer in securities. This position included responsibility for evaluating advances in technology and related cost/performance benefits to determine the investment merit of high technology companies. This work, which required the supervision of a staff of security analysts, was primarily specialized in electronics, semiconductor, instrumentation, and minicomputer companies. It required regular management contacts, preparation of widely distributed timely reports, oral presentations, and client contact with major financial institutions.

Security Analyst,
DREXEL FIRESTONE, INC. and
DOMINICK & DOMINICK, INC., New York, N.Y.

-- May 1969 to February 1973

Medium-sized investment banking firms which catered primarily to institutional clients. This position carried responsibilities similar to those supervised at Merrill Lynch, described above.

Member of Technical Staff,
BELL TELEPHONE LABORATORIES, INC., Holmdel, N.J.

-- December 1967 to May 1969

The research and development arm of A.T.&T., the world's largest corporation. Responsibility was divided between satellite communications and radio astronomy. Tasks included basic research in telecommunication systems and concepts, design of microwave components and earth satellite system studies.

Biographical Sketch

KEVIN CARR

Kevin received a Bachelor of Science Degree in Business Administration from Pittsburg State University in 1975, and a Masters Degree in Economic Geography from the University of Kansas in 1979. He has been employed as an economic development planner for the Kansas Department of Economic Development for four years. For the past year, he has researched in the area of high technology development, with special emphasis on the university's role in fostering technological development, providing staff support to the academic committee of the Governor's Task Force on High Technology Development. Recently he was appointed to the position of assistant to the state director of high technology development in Kansas, and serves as staff person to the Kansas Advanced Technology Commission.

KANSAS

TECHNOLOGY

EXPOSITION

& CONFERENCE

April 18-19, 1985
Overland Park Marriott
10800 Metcalf

Thursday, April 18

- 10:00 a.m. Registration
- 11:00 a.m. **General Session—Salon G**
Moderator—Ronald Ryan, Chairman, Kansas Advanced Technology Commission
Welcome—The Honorable Ed Hart, Mayor of Overland Park
- 11:15 a.m. Lieutenant Governor Tom Duckert
- 11:30 a.m. High Tech Outlook for Kansas—Dr. Phil Bradford, Director, Kansas Advanced Technology Commission
- 12:00 p.m. **Luncheon & keynote Address—Salon F**
William C. Norris, Chairman of the Board, Control Data Corporation
- 1:30 p.m. **University Industry Programs—Salon G**
Kansas State University—Dr. James Thompson, Vice President, Technology
Estra Wagner, KEA's Program Leader, Boeing Military Airplane Company
University of Kansas—Dr. T. Seta, Director, President, Intertek & Keightley Distinguished Professor
Dr. Howard Mosberg, Dean, School of Pharmacy & President, Oread Laboratories
- 2:45 p.m. Refreshment Break
- 3:00 p.m. Pittsburg State University—Dr. Mark Sullivan, Department of Industrial Arts & Industrial Technology
Mark Sullivan, President, PSI Systems
- Wichita State University—Dr. Paul Benningfield, Dean of Graduate Studies & Research
- 4:00 p.m. Training Programs for Industry—Dr. Richard Davis, Executive Director for Business & Industry, Johnson County Community College
- 4:00-7:00 p.m. Exhibits & Hospitality—Salon F

Friday, April 19—Salon G

- 8:15 a.m. Continental Breakfast
- 8:30 a.m. Growth of a High Tech Company—David Allen, President, Grass Technologies Corporation
- 9:15 a.m. Venture Capital—Sara Tiffit, Director of R & D Services, CW Group
Sam Campbell, President, Campbell-Becker, Inc.
- 10:15 a.m. Refreshment Break—Exhibits Open
- 10:30 a.m. Protection of Intellectual Property—Donald Covne, Director of University Relations, Research Corporation
- 11:15 a.m. Governor John Carlin
- 11:30 a.m. Evaluating the Commercial Potential of R & D—S. I. Begun, President, Auctor Associates
- 12:00 p.m. Lunch on your own
- 1:00 p.m. Small Business Innovation Research—Dr. Frank Tillman, International Micro Images, Inc.
- 1:30 p.m. Linking Engineering with Innovative Business—Elaine Tatham, President, ETC Institute
Dr. Dale Jackson, Director, Engineering Management Program, University of Kansas
- 2:00 p.m. Role of the Independent Lab—Gerasimos Cocoris, Analytical Electronics Laboratory
Alan Kerschen, Langston Laboratories
- 2:30 p.m. Wrap-up and Adjourment
- 4:00 p.m. Tour of Johnson County Community College

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

Minority Business Division
503 Kansas Avenue, Sixth Floor, Topeka, Kansas 66603
Phone (913) 296-3805

B
Feb. 28, 1986



JOHN CARLIN
Governor

Economic Dev. Comm.
CHARLES J. "Jamie" SCHWARTZ
Secretary

M E M O R A N D U M

TO: Representative James Braden - Chairman
Legislative Commission on Kansas
Economic Development

FROM: Billy Q. McCray - Director *BQ.M.*
Office of Minority Business

RE: Office of Minority Business (KDED)
Responsibilities

DATE: February 28, 1986

1. Administers The Kansas Minority Business Development Program:
 - A. The program is funded annually by an award from the US Department of Commerce's Minority Business Development Agency. This program is designed to increase the total contract awards for minority suppliers and contractors issued through the state's Division of Purchases.
 - B. Primary function of the program is to conduct six workshops annually dealing with procurement, technical assistance, business management, and access to capital investment.
2. Initiates Legislation Beneficial To Minority And Women Business Owners:
 - A. Office of Minority Business staff will meet with minority business owners to offer technical legislative advice. Staff will appear before local and state government bodies on behalf of those owners if requested.
3. Manages An Accurate And Up-To-Date List Of Minority And Women Owned Businesses:
 - A. This list is made up of businesses who have answered a survey, indicating (1) the name and address of the business, (2) the number of persons employed, (3) the product, service or goods offered, (4) whether or not the business is 51% owned by a minority (as defined by Kansas Statute) or a woman. This data is computerized and can be added to or deleted from as the situation requires.
4. Act As A Connecting Link Between Owners Of Small And Minority Businesses And Large Corporate Business Owners:
 - A. This program is designed to allow the staff of the Office of Minority Business to go out and meet with procurement managers of the state's most successful corporations and companies, and present a procurement plan aimed at allowing minorities and women better access to goods and service contracts which they award.
 - B. This private sector initiative allows staff to counsel minority contractors and vendors about the private sector competitive bidding system and how to prepare bids for winning contracts.

Attachment C

- C. OMB has been successful in negotiating an agreement between GM's new Fairfax Auto Plant in KCK and the Kansas Minority Contractors Coalition, and at this time 15.8% of current construction awards have been won by minority contractors.

BQM:bjj

RESUME - BILLY Q. McCRAY

BACKGROUND INFORMATION

Billy Q. McCray, born October 29, 1927, Geary, Oklahoma. Resides at 3712 W. 29th, Apt. #513, Topeka, KS 66614; wife, the former Wyvette Williams; four (4) children; active Grant Chapel A.M.E. Church.

EDUCATION

High School - graduated May, 1945. Attended Langston University 1945-1947; Colorado State University (Major subject - Journalism); Wichita Business College 1954-1955 (Major subject - Accounting); Boeing Company (Management Training Course) 1968; Numerous conferences, seminars and workshops.

EMPLOYMENT

Present: Director, Minority Business Division - Kansas Department of Economic Development

Former: Irving's Realty, Associate realtor; Owner, McCray's Enterprise, 1969-1974
Boeing Company in Wichita, Kansas as a technical writer and industrial photographer.

IMMEDIATE PAST EMPLOYMENT AND ASSIGNMENTS:

Kansas State Senator, elected in 1972, re-elected in 1976 and 1980. Member of Ways and Means Committee, Education Committee, Commercial and Financial Institutions Committee, Education 1202 Commission, Confirmations Committee.

OTHER BOARDS & ACTIVITIES

Kansas Commission on Drug Abuse; Corrections Advisory Board; Member of Kansas Minority Caucus; N.A.A.C.P.; Urban League of Wichita; Wichita A. Phillip Randolph Institute; Kansas Committee on Crime and Delinquency; appointed as a Director of Leadership (Kansas Association of Commerce & Industry) 1980; past president of First National Black Historical Society of Kansas; Secretary of Kansas Food Bank; Member of AME Church and various Masonic Body affiliates.

REFERENCES

Who's Who in The Midwest

Who's Who in American Politics, R.R. Bowker Company, New York and London

Outstanding Black American, Johnson Publishing Co., South Michigan Ave., Chicago, IL

FORMER ACTIVITIES

Served six (6) years in Kansas House of Representatives 1967-1973; Member of Wichita Human Relations Commission four (4) years 1963-1967; Member of Mayor's Advisory Committee on O.E.O. one (1) year 1962-1963.

ANNUAL

Life member of Kansas Minority Press Association and Editorial contributor; Lecturer annually for the Taft Institute, Wichita State University; Contributing correspondent for Ebony Magazine.

NATIONAL SCENE

Member of National Advisory Council for the Small Business Administration 1976-1980; Chosen as delegate to the 1978 White House Conference on Economic Development and Balance Growth; the 1980 White House Conference on Small Business Administration; Board member of Midwest Technology Development Institute.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

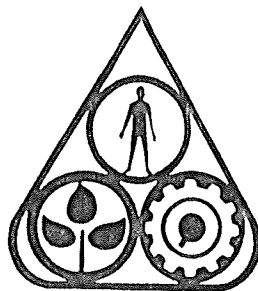
MINORITY BUSINESS DEVELOPMENT PROGRAM

(PARTIAL FUNDING: U.S. DEPARTMENT OF COMMERCE MBDA GRANT # 07-20-83008-01)

QUARTERLY PERFORMANCE REPORT

3RD QUARTER

OCTOBER, NOVEMBER, DECEMBER - 1985



INTRODUCTION

THE FOLLOWING NARRATIVE AND STATISTICAL DATA REFLECTS THE ACTIVITY OF KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT'S MINORITY BUSINESS PROGRAM BETWEEN OCTOBER 1 AND DECEMBER 31, 1985.

MAJOR PROGRAM ACTIVITIES DURING THE QUARTER WERE:

1. During the Quarter three (3) meetings of significance took place between Kansas Minority Business Development Program Staff and; (1) The Kansas Board of Regent's Council of Business Officers, (2) Assistant Secretary of KDOT, Kansas Assistant Insurance Commissioner for Governmental Affairs, and (3) Secretary of KDED with Governor John Carlin present.
2. Minority Business Procurement Conference and Product Exposition at the Hilton Inn East in Wichita, Kansas.
3. Continued procurement opportunity development at the General Motors Corporation facility in Kansas City, Kansas.
4. Developing and strategizing with minority contractors and other small business persons and groups in preparation for our role as small and minority business advocates during the 1986 session of the Kansas Legislature.

IDENTIFYING MAJOR PROGRAMS MORE IN DETAIL:

*1) On October 1, 1985, OMB's Director and Program Manager met with the Kansas Board of Regents Council of Business Officers. Staff presented an overview of planned Legislation which would cause each state agency to set specific goals for Minority Contract Awards. The Council of Business Officers is made up of Vice Presidents in charge of Purchasing.

*2) Early in October representatives of the Insurance Surety Bond Industry from all across Kansas, KDOT staff, and OMB staff was called to a meeting by Kansas Assistant Insurance Commissioner. The meeting was proposed in preparation of KDOT implementing 1985 HB 2462, "The Kansas Highway Construction Development Act".

Staff was an integral part of this "meeting of the minds" of people can make a difference.

Although the problems of inadequate surety for minorities were not solved, it is better understood and some direct contact with underwriters established resources in the industry.

*3) Secretary Schwartz of KDED and OMB Director met with Governor John Carlin concerning appropriations for a computer program to separate contracts awarded to minorities from those awarded to other vendors.

The Governor consented and has allowed \$70,000.00 in the States Fiscal 1987 General Fund Budget to see that this is accomplished.

* On October 16th the Wichita Minority Business Conference and Expo was held. Featured speakers for the two (2) day affair was Stanley Tate, Deputy Regional Director of MBDA, Chicago Region, and Horace Wilkins, Assistant Vice President, Materials Distribution, Southwestern Bell Telephone Company.

Forty (40) business owners purchased booth space. Several "contract to purchase" deals were made on the spot. Three (3) television stations, two (2) newspapers, and one (1) statewide business magazine contributed media coverage.

* Program Staff and Secretary Schwartz of KDED was instrumental in securing commitments from General Motors Corporation and Morrison-Knudsen Company, Inc., to maximize the use of minority contractors and vendors in construction of their number ten (#10) Kansas City, Kansas GM Plant.

This initiative has resulted in over seventy-five (75) new opportunities to bid on major construction packages by minorities. There has been eight (8) prime contractors, forty-two (42) sub-contractors, and two (2) joint venture entities certified to do design and construction work on this \$750 million dollar project. To date \$112,460,515 million dollars in total contracts has been awarded. Of that amount \$21,528,723 million dollars worth has been awarded to minority participants. This equals a nineteen percent (19%) participation by minority contractors.

* Copies of Legislative bills from other states have been requested and analyzed. A bill for Kansas State Agency Minority Goals has been developed and is acceptable to minority vendors and business owners.

Four (4) other bills introduced and carried over from the 1985 Legislative session will be monitored and supported during the 1986 four (4) month session.

The Northeast Kansas Coalition of Minority Contractors, The Association of Disadvantaged Business Enterprise, and various Hispanic contractor groups has offered their support.

OMB staff met with members of Kansas Association of Hispanic Organizations and the Kansas Mexican-American Affairs Committee for a four (4) hour planning session prior to the start of the 1986 Legislature. Mutual support of the proposed bills was agreed to.

SUMMARY OF COMMUNITY MEETINGS, SEMINARS, AND CONFERENCES

- Oct. 1 - Staff met with Regent's Council of University Business Officers to discuss Minority Procurement.
- Oct. 1 - Staff attended Proclamation Signing in Governor John Carlin's office along with other Minority Contractors declaring October 6 - 12, 1985 "Minority Enterprise Development Week".
- Oct. 2 - Staff met with client Sarah Cay and provided with technical assistance.
- Oct. 3-4 - Program Manager traveled to Wichita, met with Oscar Martinez, NEDA; Jim Garcia, Garcia Construction; Richard Lopez, SER of Wichita. Purchased plaques for Med Week Conference Awards Banquet.
- Oct. 4 - Program Manager traveled to Salina, met with Glass Shop; Bart Tannahill; Phillip Sanchez; Mike Diaz, Diaz Upholstery.
- Oct. 7 - Staff prepared TPP for Second (2nd) Quarter. Met with Butch Brown - discussed new business venture, had Mr. Brown sign up for Bidding List.
- Oct. 7 - Staff continued working on Trade Show, made booth assignments, and worked out general positioning.
- Oct. 8 - Director attended Departmental staff meeting with other KDED Directors and Department Secretary.
- Oct. 9 - Program Manager attended CDBG Grantees Conference. Advised all grantees about the minority businesses in Kansas. Offered OMB services in finding qualified businesses.
- Oct. 9 - Staff met with Assistant Insurance Commissioner, Surety Bond Insurance Writers, KDOT Staff and others concerning Surety Bond Legislation.
- Oct. 10 - Staff met with members of the Kansas Association of Commerce and Industry's Economic Development Committee.
- Oct. 10 - Program Manager attended meeting on possibility of starting a Nursing Home for the Hispanic Elderly.
- Oct. 11 - Staff showed film of 1984 Washington, DC MED Week Program to KDED personnel and other interested persons. Staff finalized details for October 16th conference.
- Oct. 14 - Program Manager met with Congressman Jim Slattery and other Hispanic Leaders - Discussed Minority Business issues.
- Oct. 14 - Director met with General Motors staff, Morrison-Knudsen (prime contractor) staff and Northeast Kansas Minority Council members and staff for monthly construction meeting. Staff also met with Don Hoffman and Robert Kelly concerning minority contracts.
- Oct. 15-16 - Staff traveled to Wichita to conduct Minority Business Conference/Expo and Awards Banquet in conjunction with MED Week.
- Oct. 17 - Director met with media representatives to give interviews for magazine articles and the Minority Press Association.

- Oct. 17-18 - Program Manager traveled to Pittsburg - took part in Conference on Procurement with the Federal Government.
- Oct. 18-19 - Business Development Program staff served as facilitator for Washburn University Minority Students two (2) day caucus.
- Oct. 22 - Staff met with Le-Wan Associates of Colorado, interested in doing business with Kansas.
- Oct. 23 - Program Manager met with staff of the US Hispanic Chamber in Kansas City, Missouri.
- Oct. 24 - Staff met with entrepreneurs in Wichita at the Holidome East.
- Oct. 24-25 - Staff attended Regional SBA meeting and Regional CDC meeting.
- Oct. 25 - Staff attended MED week activities of the MBDC in KCMO. Met with a number of minority business people and discussed procurement in Kansas.
- Oct. 25 - Director attended "Economic Outlook Conference" at Kansas University (Lawrence, Kansas). Approximately two hundred (200) people in attendance including Governor Carlin, Chancellor Budig and Secretary Schwartz.
- Oct. 28-29 - Staff prepared mailing for one hundred eighty (180) letters to be sent out asking minority businesses to complete directory survey forms.
- Oct. 30-31 - Staff attended Surety Bond Conference at the Hilton Plaza. Surety Underwriters and SBA Surety Guarantee Personnel were conducting this National Conference.
- Nov. 5 - Director met with Jay Bond of Prudential. Asked whether Prudential had any special programs directed toward Surety Bonding.
- Nov. 6 - Staff met with KAHQ President Jeanne Chavez-Martinez, Mexican-American Advisory Committee Chairman Marc Marcano. Discussed strategy for upcoming Legislative Session.
- Nov. 7 - Staff met with Typesetting company about our Minority Business Directory. Staff also met with client Macie Houston, of Topeka, about establishing a consulting and word processing business in Topeka.
- Nov. 8 - Staff discussed various other state programs such as Venture Capital and Procurement Programs. States involved: Ohio, Louisiana, Tennessee.
- Nov. 9 - Staff served on State NAACP Conference Economic Development Panel, afternoon session.
- Nov. 13 - Staff discussed State Certification of MGR's Interiors Resource for KDOT Bidders List. Advised client what to do. Director met with Senators Eugene Anderson and Phil Martin, and Representative Cribbs. They are committed to supporting Minority Surety Bond Legislation.
- Nov. 15 - Staff talked with Manuel Mascarone - Abilene Metal Fabrication. Discussed cash flow problems. Tried to help client through the problem. Setting up a meeting with Capital Venture group.

- Nov. 15 - Staff met with Mexican-American Advisory Executive Director to draw up initiatives for Governors office.
- Nov. 18 - Director met with Northeast Minority Contractors Coalition, General Motors and Morrison-Knudsen. Minority contractors are being awarded nineteen percent (19%) of all awards at this point. Program Manager spent time with NET - setting up the Minority Business Directory.
- Nov. 19 - Staff met with minority vendor (Chavez Nichols) of Wichita about Bidders List and State Procurement procedures. Introduced him to Nick Roach - Director of Purchases.
- Nov. 20 - Staff met with Pat Smythe of SBA, discussed strategies and new procurement program for the state; also closer interfacing with CDC's and SBDC's.
- Nov. 22 - Staff met with Abilene Metal and investment group in Salina.
- Nov. 25 - Director met with Representative Love about two Small Business bills held over in the House (HB 2233 and HB 2235).
- Nov. 25-27 - Staff preparing entries for our Minority Business Directory.
- Nov. 26 - Director met with Revisor of Statutes, Norman Furse, to prepare Legislation which sets procurement goals for all state agencies. Representative Clarence Love and Representative Theo Cribbs authorized the Director to work with the Revisor.
- Nov. 27 - Program Manager called James Smith of Augusta to try and set up a meeting. Director discussed Surety Bond Legislation with Director of Minority Business in Fort Lauderdale, Florida, about Florida states Minority Business Act of 1985.
- Dec. 2 - Staff discussed problems with the Abilene Metal financial statements - Investors in Salina backed out.
- Dec. 3 - Program Manager spent time with Gordon Criswell of KDED SBA Division. Strategy for meeting with the Augusta Bankers on the Refinery Project in Augusta.
- Dec. 3-4 - Staff making preparation for Directory entries and visit by MBDA monitor, Fred Williams.
- Dec. 4-5 - Staff offered assistance to Program Monitor Fred Williams from Chicago Regional Office.
- Dec. 5 - Director attended Black Leadership Symposium at the Holidome in Lawrence Kansas.
- Dec. 6 - Staff attended MBDA Monitor Exit Conference in our office with Fred Williams. Director took Mr. Williams to airport at 12:30 p.m.
- Dec. 5-6 - Program Manager discussed new program for Procurement Network in the State with Pat Smythe and Karen Slater of Region VII SBA Office.
- Dec. 6 - Staff discussed pilot program with Florence Boldridge - Kansas University to assist minority students in the Science, Math and Technical fields in High School and College.

- Dec. 9 - Staff discussed project with Verdell Bugg and wife. Plans to build a Supper Club - Options were discussed for Mr. Bugg. Also discussed with Jim Hanni - Topeka banker, as to what options Mr. Bugg might have. Staff also assisted Pat Coleman - Needed advice on Utility Maintenance Contractors and how to get on Bidding List. Staff assisted Larry Anderson - he was looking for resources at KCC of Kansas to obtain a license for hauling. Larry is from Fort Scott, Kansas.
- Dec. 10 - Staff met with Kansas Certified Development Companies and discussed procurement, getting on the state bidding list, minority business opportunities. This was a quarterly state meeting.
- Dec. 10 - Director met with Dr. Gilbert Parks about the earlier Black Leadership Symposium. Also met with Kay Meadows and discussed minority employment and the role of minority businesses in Kansas.
- Dec. 11 - Staff met and visited with the officials at Haskell Junior College. Accepted a position on the Advisory Committee to work with Gail Sloan on mapping out strategy on MBDA Grant to the college.
- Dec. 12 - Staff participated in analyzing CDBG Grant Proposals for Community Developments.
- Dec. 13 - Program Manager worked with CDBG staff to develop a list for funding in CDBG. Instrumental in obtaining funding for project in Emporia involving a minority business (Value Furniture, Inc.).
- Dec. 16-17 - Staff assisted Richard Vargas - Salina, Mark Miller - Topeka, and John Brown - Lawrence with information as to what resources are available. Discussed financial options available, State Constr. Contracts.
- Dec. 16 - Staff met with Alonzo Harrison of Association of Disadvantaged Business Enterprise and Lorenzo Breckenridge of Wichita about OMB's 1986 Legislative effort with Surety Bond Legislation.
- Dec. 18 - Staff met with Dan Hayes - Topeka entrepreneur and discussed starting a business.
- Dec. 19 - Director met with Norman Furse for last draft of state agency set-aside bill. Program manager traveled to Augusta, Kansas - met with Augusta bank officials and discussed what options Ellen Owen (Indian) might have in trying to gain enough financial backing to start project of using by-products of the refinery in Augusta.
- Dec. 20 - Staff assisted Larry Anderson - Fort Scott, in getting access to a person in the KCC Department to get information on applying for a license to haul products.
- Dec. 20-27 - Staff prepared Budget Summary and other budget information for Grant application.
- Dec. 26 - Director met with Larry Hunt of Houston, Texas. Hunt has an engineering firm. We discussed his opening an office in Kansas.

State and Local Government Report Assistance for Minority Business Development

ORGANIZATION NAME STATE OF KANSAS MINORITY BUSINESS PROGRAM

(1) GRANTEE REPORT NUMBER 475 (2) REPORT PERIOD
 1. FIRST QUARTER 3. THIRD QUARTER 5. ANNUAL TIME PHASE PLAN
 2. SECOND QUARTER 4. FOURTH QUARTER

	1	2	3	4	ANNUAL TOTAL
3. NUMBER OF STATE/LOCAL AGENCIES ASSISTED THIS QUARTER TO ESTABLISH AND/OR ACHIEVE MINORITY PROCUREMENT GOALS			4		
4. DOLLAR VALUE OF MINORITY PROCUREMENT GOALS FOR AGENCIES ASSISTED THIS QUARTER			* 0		
5. NUMBER OF STATE/LOCAL MINORITY CONTRACT OPPORTUNITIES REFERRED TO MBDCS THIS QUARTER			11		
6. NUMBER OF CONTRACT OPPORTUNITIES REFERRED DIRECTLY TO MINORITY FIRMS THIS QUARTER			25		
7. TOTAL DOLLAR VALUE OF MINORITY CONTRACT OPPORTUNITIES REFERRED THIS QUARTER			.18M		
8. NUMBER OF PROFILE FIRMS VERIFIED THIS QUARTER			0		
9. ESTIMATED TOTAL DOLLARS IN STATE/LOCAL PROCUREMENT AWARDED THIS QUARTER			70M		
10. NUMBER OF AGENCIES REPORTING MINORITY CONTRACT AWARDS THIS QUARTER			4		
11. NUMBER OF MINORITY AWARDS SECURED THIS QUARTER			56		
12. DOLLAR VALUE OF MINORITY AWARDS SECURED THIS QUARTER			4.9M		
13. STAFF HOURS IN MARKETING MINORITY PROCUREMENT AND LEGISLATION THIS QUARTER			46% 483		
14. NUMBER OF LEGISLATED MINORITY PROCUREMENT ENACTMENTS ACHIEVED THIS QUARTER			0		
15. STAFF HOURS INVOLVED IN MARKETING MINORITY BONDING LEGISLATION THIS QUARTER			4% 40		
16. NUMBER OF LEGISLATED MINORITY BONDING ENACTMENTS THIS QUARTER			0		
17. NUMBER OF AGENCIES MAKING MINORITY BANK DEPOSITS THIS QUARTER			4		
18. AVERAGE DAILY BALANCE OF AGENCY DEPOSITS IN MINORITY BANKS THIS QUARTER			1.3M		
19. STAFF HOURS INVOLVED IN MARKETING EFFORTS FOR MINORITY CAPITAL DEVELOPMENT OPPORTUNITIES THIS QUARTER			2.4% 24		
20. NUMBER OF CAPITAL DEVELOPMENT OPPORTUNITIES ACHIEVED FOR MINORITY BUSINESS THIS QUARTER			1		
21. NUMBER OF MINORITY BUSINESS TRAINING COURSES CONDUCTED THIS QUARTER			2		
22. NUMBER OF POTENTIAL OR EXISTING MBES ATTENDING TRAINING THIS QUARTER			225		

*Department does not have access to this information. (7)

ANALYSIS OF STATE AND LOCAL ASSISTANCE DOCUMENT

1. Grantee Report Number.
2. This Line Denotes the Reporting Period.
3. Our Agency assisted four (4) State Agencies this Quarter.
4. The Governor has placed \$70,000.00 in the General Fund Budget for Computer Program to separate Minority Contract Data. OMB will furnish \$10,000.00 to complete estimated cost of all needed changes.
5. The number of State and Local Minority Contract Opportunities referred to MBDC's this Quarter.
6. This line reflects the number of Contract Opportunities referred directly to individual contractors either by mail or telephone.
7. This figure denotes the total dollar amount of contracts referred, both to individuals and MBDC's. Numbers are lower because all state contract award data has not been processed.
8. This information does not apply to our Award Agreement.
9. This amount stays relatively consistant.
10. Same number of Departments responding as last Quarter.
11. This number of Secured Awards reflect the data in Item # 5,6, & 7.
12. This gives the actual dollar value of Awards this Quarter.
13. These increased percentages and actual hours reflect preparation for upcoming Legislative Session.
14. Bills are only passed during the Legislative Sessions.
15. Percentage is up this Quarter. Staff will expend an increased amount of time and effort on Surety Bonding.
16. Same as #14.
17. This shows how many Departments in State Government are depositing in Minority Institutions.
18. This tells how much State Agencies are depositing.
19. This gives both the hours and percentage of total time was spent in Minority Capital Investment this Quarter.
20. This number reflects the number of successful Capital Developments that was accomplished.
21. This tells how many Conferences and Workshops were conducted by the Program this Quarter.
22. Two hundred and twenty-five (225) persons attended KDED's Minority Business Program Conference this Quarter.

TIME PERFORMANCE PLAN

Report Period: Oct. 1 - Dec. 31, 198

Performance Indicators

1st Quarter _____ 3rd Quarter X
 2nd Quarter _____ 4th Quarter _____

STATE OF KANSAS MINORITY BUSINESS PROGRAM

3. NUMBER OF STATE/LOCAL AGENCIES ASISTED THIS QUARTER TO ESTABLISH AND/OR ACHIEVE MINORITY PROCUREMENT GOALS
4. DOLLAR VALUE OF MINORITY PROCUREMENT GOALS FOR AGENCIES ASSISTED THIS QUARTER
5. NUMBER OF STATE/LOCAL MINORITY CONTRACT OPPORTUNITIES REFERRED TO MBDCS THIS QUARTER
6. NUMBER OF CONTRACT OPPORTUNITIES REFERRED DIRECTLY TO MINORITY FIRMS THIS QUARTER
7. TOTAL DOLLAR VALUE OF MINORITY CONTRACT OPPORTUNITIES REFERRED THIS QUARTER
8. NUMBER OF PROFILE FIRMS VERIFIED THIS QUARTER
9. ESTIMATED TOTAL DOLLARS IN STATE/LOCAL PROCUREMENT AWARDED THIS QUARTER
10. NUMBER OF AGENCIES REPORTING MINORITY CONTRACT AWARDS THIS QUARTER
11. NUMBER OF MINORITY AWARDS SECURED THIS QUARTER
12. DOLLAR VALUE OF MINORITY AWARDS SECURED THIS QUARTER
13. STAFF HOURS IN MARKETING MINORITY PROCUREMENT AND LEGISLATION THIS QUARTER
14. NUMBER OF LEGISLATED MINORITY PROCUREMENT ENACTMENTS ACHIEVED THIS QUARTER
15. STAFF HOURS INVOLVED IN MARKETING MINORITY BONDING LEGISLATION THIS QUARTER

Estimate this Quarter	Actual	Quarterly %	Estimated YTD	Actual YTD	YTD %	Annual Goal
3	4	133%	11	14	127%	13
.75M	0	0	1.75M	0	0	2M
35	11	31%	100	56	56%	130
60	25	41%	175	183	104%	225
.3M	.18M	60%	.85M	1.75M	205%	1.1M
0	0	0	0	0	0	0
70M	70M	0	210M	210M	0	280M
6	4	66%	6	11	183%	6
100	56	56%	310	217	70%	400
3M	4.9M	163%	14M	14.7M	105%	17M
15% 150	48% 483	322%	15% 450	33% 998	221%	15% 600
0	0	0	0	0	0	1
2% 8	4% 40	500%	1% 16	1.7% 52	325%	1% 24

(9)

TIME PERFORMANCE PLAN

Report Period: Oct. 1 - Dec. 31, 1985

1st Quarter _____ 3rd Quarter X
 2nd Quarter _____ 4th Quarter _____

PERFORMANCE INDICATORS: (Continued)
 STATE OF KANSAS MINORITY BUSINESS PROGRAM

	Estimate this Quarter	Actual	Quarterly %	Estima- ted YTD	Actual YTD	YTD %	Annual Goal
16. NUMBER OF LEGISLATED MINORITY BONDING ENACTMENTS THIS QUARTER	0	0	0	0	0	0	1
17. NUMBER OF AGENCIES MAKING MINORITY BANK DEPOSITS THIS QUARTER	3	4	133%	3	4	133%	3
18. AVERAGE DAILY BALANCE OF AGENCY DEPOSITS IN MINORITY BANKS THIS QUARTER	1M	1.3M	130%	1M	1.3M	130%	1M
19. STAFF HOURS INVOLVED IN MARKETING EFFORTS FOR MINORITY CAPITAL DEVELOPMENT OPPORTUNITIES THIS QUARTER	8% 80	2.4% 24	30%	8% 230	5.3% 158	69%	8% 310
20. NUMBER OF CAPITAL DEVELOPMENT OPPORTUNITIES ACHIEVED FOR MINORITY BUSINESS THIS QUARTER	0	0	0	1	2	200%	2
21. NUMBER OF MINORITY BUSINESS TRAINING COURSES CONDUCTED THIS QUARTER	1	2	200%	4	6	150%	6
22. NUMBER OF POTENTIAL OR EXISTING MBES ATTENDING TRAINING THIS QUARTER	100	225	225%	300	400	133%	600

BID REFERRALS

Contract Referrals to MBDC's
3RD QUARTER: October - December, 1985

<u>MBDC</u>	<u>NO. OF BIDS*</u>	<u>AMOUNT</u>
Minority Business Development Center, KCMO	9	35,885
US Hispanic Chamber of Commerce, KCMO	<u>2</u>	<u>3,764</u>
Total	11	39,649

Average Amount of Contract - \$3,604

Contract Referrals Directly to MBE's

<u>FIRM</u>	<u>NO. OF BIDS*</u>	<u>AMOUNT</u>
Anti Pest Company, Manhattan, KS	1	3,380
Blandin Painting, Topeka, KS	1	8,232
Brecko Construction, Wichita, KS	1	4,172
Covington Associates, Kansas City, KS	1	2,375
Diggs Construction, Wichita, KS	1	7,300
Ewe-Con Corporation, Topeka, KS	2	9,421
Fears Carpet, Kansas City, KS	2	7,343
General Office Products, Kansas City, KS	4	16,482
J.C. Graphic, Kansas City, MO	2	7,125
LITCO Oil Company, Wichita, KS	3	20,590
Mid America Aviation, Topeka, KS	1	9,533
Moore's Upholstery, Topeka, KS	2	29,608
NEDA, Wichita, KS	2	6,329
O.S.E.A., Topeka, KS	<u>2</u>	<u>9,509</u>
Total	25	141,399

Average Amount of Contract - \$5,655

* No. of Bids mailed to clients - only those available for inspection at the Division of Purchases.

CONTRACT AWARDS TO MBE'S
 REPORTED TO OMB BY KDOT
 October 1, 1985 to December 31, 1985

<u>Name of Firm</u>	<u>Ethnic* Code</u>	<u>No. of Awards</u>	<u>Amount of Awards</u>
Alpha Construction	B	2	289,954
B & A Construction	B	1	35,108
B. J. Construction	B	1	1,724
Barrera Trucking	H	1	208,965
Engineered Rebarb Systems	I	1	225,790
Estrada Construction	H	2	67,956
Ewe-Con Corporation	B	4	935,345
C. L. Fairley Construction	B	2	351,016
Paul Folsom Construction	I	2	213,178
Garcia Construction	H	4	60,717
Gipson Cement Company	B	2	79,737
Holloway Construction	B	2	8,747
La Cuesta Construction	H	1	39,730
Lautis Construction	I	6	46,128
Mabin Construction	B	1	77,400
A. A. Mactel Corporation	H	1	1,339,042
Martel and Associates	I	1	30,000
Wayne Post Oak Construction	I	16	571,327
E. S. Randolph Construction	B	1	67,876
Ross & Dempsey Construction	B	3	51,562
Tomahawk Construction	I	1	187,079
Truck Express	B	1	83,450
Total		56	4,971,831

Average Amount of Awards - \$88,800

- * I - Indian
- B - Black
- H - Hispanic



In rear Left to Right: Gordon Criswell, Clyde Howard, Bill Green, Tony Augusto, Kenneth Marshall, Barrett Hatches, Robert Bugg, and Steve Hendricks.

Front Left to Right: Marc Marcano, Anita Barker, Jenny Tavares Bartlow, Brenda Owens, Lori Hull, Joyce Romero, Barbara Sabol, Billy McCray, and Kay Meadows.

Governor Carlin is seated behind his desk.

This is the second year Governor Carlin has issued an Executive Proclamation designating the first full week of October "Minority Enterprise Development Week". According to Billy Q. McCray, Director of KDED's Office of Minority Business, twenty-two (22) mayors have been asked to issue a similar document.

PROCLAMATION SIGNING MED WEEK 1985

STATE OF KANSAS



PROCLAMATION
BY THE
GOVERNOR

TO THE PEOPLE OF KANSAS, GREETINGS:

WHEREAS, the Minority Business Community in the State of Kansas is a vital element in the state's economy; and

WHEREAS, the Kansas Minority Business persons have demonstrated outstanding civic and social leadership in their communities; and

WHEREAS, the State of Kansas strongly encourages the continued economic development of minority firms within its boundaries; and

WHEREAS, the State of Kansas recognizes the economic growth of minority firms is dependent upon access to capital and business opportunities made available through our institutions; and

WHEREAS, the Kansas Department of Economic Development through its Minority Business Division utilizes the Kansas City Minority Business Development Center as a technical resource; and

WHEREAS, Kansas City Minority Business Development Center offers this technical service to minority business clients in both Kansas City, Kansas and Kansas City, Missouri, and the entire State of Kansas; and

WHEREAS, the President of the United States has designated the first full week of October as Minority Enterprise Development Week, in recognition of Minority Enterprises across the country:

NOW, THEREFORE, I, JOHN CARLIN, GOVERNOR OF THE STATE OF KANSAS, do hereby proclaim the week of October 7 through 13, 1984, as

MINORITY ENTERPRISE DEVELOPMENT WEEK

in Kansas, and urge all residents of the State to join in this observance and to recognize the contributions of the Kansas Minority Business to the prosperity of our state.

DONE At the Capitol in Topeka
Under the Great Seal of
the State this 4th day
of October, A. D., 1984.

BY THE GOVERNOR:

Jack H. Brigg
Secretary of State

John R. Shindler
Assistant Secretary of State



Press Clipping Division
Kansas Press Service, Inc.
Affiliate of Kansas Press Association
Box 1773, Topeka, Kansas 66601

KANSAS
Dodge City Daily Globe

SEP 5 1985

Wichita hosts 'minority' expo

TOPEKA — Kansas Department of Economic Development's Office of Minority Business is conducting a one-day Conference and Expo at the Hilton Inn East in Wichita on Oct. 16.

Stanley Tate, deputy director MBDA, Chicago Region will be the morning keynote speaker.

Forty exhibition booths manned by minority businessmen and women from throughout Kansas, will display their merchandise and services to procurement specialists from both the public and private sector.

Purchasing officials of Boeing, Wichita; Hallmark Card of Kansas City; and Day and Zimmerman of Parsons Ammunition Plant; along with Kansas' Purchasing and Transportation people; will view the displays. Representatives of these corporations have also consented to serve on the Private Sector Procurement workshop panels.

The Small Business Development Center at Wichita State University and the Citizens Rights Division of the City of Wichita has volunteered assistance in both manpower and communications to inform the public about the conference.

Clayton Hunter, director of Wichita's Small Business Office, and Willie Washington, MBE representative, will recognize their local award winning DBE contractors along with the Office of Minority Business statewide MBE winners at the awards banquet to be held that Wednesday evening.

Horace Wilkins Jr., vice president procurement, Southwestern Bell Telephone Company, will be the evening banquet speaker.

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KANSAS
Junction City Daily Union
SEP 8 1985

Minority Business seminar set

The Kansas Department of Economic Development's Office of Minority Business will conduct a one-day conference and expo at the Hilton Inn East in Wichita on Oct. 16. Forty exhibition booths, manned by minority businessmen and women from Kansas, will display their merchandise and services to procurement specialists from the public and private sector.

For more information, contact Billy McCray at 913-296-3805.

Press Clipping Division
Kansas Press Service, Inc.
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Box 1773, Topeka, Kansas 66601

KANSAS
Chanute Tribune

SEP 23 1985

Conference on tap at Wichita

The Kansas Department of Economic Development's Office of Minority Business will conduct a one-day conference and exposition at the Hilton Inn East in Wichita Oct. 16.

Merchandise and services of minority businesses will be displayed at 40 exhibition booths. Viewers will include purchasing officials from Wichita Boeing, Hallmark Cards of Kansas City, Parsons ammunition plant operator Day and Zimmerman, and state government. The officials also will serve on conference procurement workshop panels.

Stanley Tate, Minority Business Development deputy director for the

Chicago Region, will be the morning keynote speaker. Horace Wilkins Jr., Southwestern Bell Telephone vice president, procurement, will be speaker for an evening dinner at which minority business awards will be presented.

Deadlines are Oct. 4 for exhibitors, Oct. 11 for reservations. Registration fees are \$30 for the conference and exposition combined, \$10 conference only, \$15 for the awards dinner only. Registrations should be sent to Minority Business Office, Kansas Department of Economic Development, 503 Kansas Ave., 6th Floor, Topeka 66603.

Press Clipping Division
Kansas Press Service, Inc.
Affiliate of Kansas Press Association
Box 1773, Topeka, Kansas 66601

KANSAS
Parsons Sun

SEP. 23 1985

KDED plans exhibition

The Kansas Department of Economic Development has planned a one-day conference and expo for Oct. 16 at the Hilton Inn East, Wichita.

The day will include workshops on how to do business with the public and private sector, an awards ceremony, and 40 exhibits from minority business people throughout the state.

Purchasing officials from Day and Zimmerman of Parsons, Boeing of Wichita, and Hallmark Cards of Kansas City, along with people from the state purchasing and transportation departments, will view the displays.

Representatives from the corporations will also serve on the Private Sector Procurement workshop panels.

Guest speakers will be Stanley Tate, deputy director of the Chicago region for minority businesses, and Horace Wilkins Jr., vice president of procurement for Southwestern Bell Co.

Press Clipping Division
Kansas Press Service, Inc.
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Box 1773, Topeka, Kansas 66601

KANSAS
Topeka Sunday Capital Journal

Oct. 16, 1965

The Kansas Department of Economic Development's Office of Minority Business will conduct a one-day conference and expo at the Hilton Inn East in Wichita on Oct. 16. Forty exhibition booths manned by minority businessmen in Kansas will display merchandise and services to procurement specialists from the public and private sector.

Stanley Tate, deputy director of the Minority Business Development Agency in Chicago, will be the morning keynote speaker. Horace Wilkins Jr., vice president of procurement

for Southwestern Bell Telephone Co. will be the evening banquet speaker.

Press Clipping Division
Kansas Press Service, Inc.
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Box 1773, Topeka, Kansas 66601

KANSAS
Topeka Capital-Journal

OCT. 11, 1965

Minority Issues to be student program topic

The Associated Students of Kansas will sponsor a two-day minority youth and student issues conference today and Saturday at Washburn University.

Programs will start at 9 a.m. each day and will include discussions led by minority affairs officials from the University of Kansas, Kansas State University, Emporia State University and Washburn. Also on the programs are minority group members who head two state agency programs, the division of vehicles and the minority business division of the Kansas Department of Economic Development.

Press Clipping Division
Kansas Press Service, Inc.
Affiliate of Kansas Press Association
Box 1773, Topeka, Kansas 66601

KANSAS
Topeka Sunday Capital-Journal

607 3. 1966

Horace Wilkins Jr., an executive from Southwestern Bell Telephone Co.'s corporate offices in St. Louis, will be a featured speaker at the Minority Business Conference and Expo in Wichita on Wednesday. Wilkins is assistant vice president of distribution services and will speak at the awards banquet and focus on the role of blacks in business.

The Kansas Department of Economic Development's Office of Minority Business is conducting the conference. Forty exhibition booths will be set up.

MINORITY BUSINESS OWNERS EXCEL

Persistence and hard work have paid off for minority business owners recently honored during Minority Enterprise Development Week in Kansas.



Breckenridge Sr. and family: "You're only as good as people perceive you."

WICHITA—Breckco Construction Company of Wichita, Martinez & Sons, Inc., of Hutchinson, and Ewe-Con Corporation of Topeka each won a Minority Enterprise Development Award from the Kansas Department of Economic Development.

Breckco was founded in 1971 by Lorenza Breckenridge Sr. and is managed by his son Lorenza Jr. and his wife Nancy. Another son plans to join the company after he finishes college.

"We rarely see family members carrying on the founder's business anymore," comments Billy McCray, director of the Office of Minority Business for KDED who presented the awards at a banquet on October 16. "This firm will continue to grow as a family business and that sort of continuity is sorely lacking in many small businesses."

"You're only as good as people perceive you to be," says Breckenridge Sr. "(The award) tells me we're showing some real growth and progress."

As an 8(a) contractor for the U.S. Small Business Administration, much of Breckco's work presently comes from the U.S. Corp of Engineers, McConnell Air Force Base, the Veterans Administration, and other government agencies. The company got its start, though, by building

houses. The firm built picnic facilities for the park department and has gradually taken on larger jobs. Current work includes reconstruction of barracks and a hospital at Ft. Larned, waterproofing and parking lot maintenance at McConnell, and mortar work at the VA Center in Wichita.

The key to the future is landing more commercial and industrial contracts, the Breckenridge's state.

Ewe-Con began as a commercial floor covering contractor in 1975. In January, 1984, Gale Ewell and John Hatfield joined the company as experienced ironworkers and the company began to bid on highway and large structural steel building projects.

"This diversification allowed us to overcome one of our main obstacles—lack of volume," notes President Gary Ewell. "As a result of these changes, our gross sales for this past year exceeded \$1,700,000. We now have in excess of \$3,000,000 worth of work in progress."



Martinez employs 25 in Hutchinson building parts for Boeing and other big firms.

Jim Martinez started a tool and die shop in 1960. With only a fifth grade education, he took correspondent courses and built up a successful machine shop business. The Kellogg Company and Boeing Military Airplane Company are two of its major customers. The company is managed today by Martinez's sons Ed and Ernie. The company employs 25 people.

—Andrew Fisher



Brian Corn/Staff Photographer

Gwen Brown of Premium Business Products of Omaha prepares a booth at an exposition sponsored by the Kansas Department of Economic Development's office of minority business.

Exposition Offers a Showcase For Local Minority Enterprises

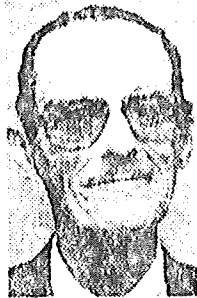
By Ellen Dyer
Staff Writer

J.R. Martinez and his daughter Maria Kailer stood beneath a bold yellow banner that bore the name J.R. Custom Metal Products Inc. and answered questions.

Not far from Martinez and Kailer in the south ballroom at the Hilton Inn-East, Melissa Holmes, owner of Holmes-Sampson Inc., 1455 N. Ash, presided over a display of prints and Christmas cards.

Martinez, owner of the metal products manufacturing company at 1957 N. Mosley, and Holmes were among an estimated 40 exhibitors at a business conference and exposition staged Wednesday by the Kansas Department of Economic Development's office of minority business.

"Minorities need more exposure. This is one way of doing it," said Billy McCray, minority business office director. Although Wednesday's show was the first sponsored by the minority business office, McCray said he ex-



Tate
... New
strategies
to help.

pected it to become an annual event. About 150 persons were expected to attend the daylong meeting.

Minority-owned businesses face many of the same obstacles that confront all small businesses, said conference keynote speaker Stanley Tate, deputy regional director of the Commerce Department's Chicago regional office, minority business development agency.

Minority-owned businesses "tend to be thinly capitalized, heavily dependent upon short-term cash flow and highly vulnerable to even small swings in the economy. When interest rates rise,

small businesses are the first to feel the pinch, and when recession hits, small businesses are among the first to fold," Tate said.

Tate said that in the past discrimination against minorities created "a whole set of additional obstacles for the minority entrepreneur." For example, he said, discrimination tended to confine minorities to retail and service sectors that had poor growth potential and denied minorities equal access to investment funds, particularly equity investment.

Tate said recent government strategies, though, are focusing on bringing minority-owned businesses into the mainstream of the American economic life.

These strategies, he said, include encouraging minority-owned businesses to move into economic sectors that have good growth potential such as high technology and transportation; tapping the resources of federal agencies to assist minority-owned businesses; and creating partnership arrangements with the private sector.

Four Minority-Owned Companies Recognized

Four minority-owned companies from Wichita, Hutchinson and Topeka have been recognized for their business activities by the Kansas Economic Development Department and the Small Business Administration.

Minority Enterprise Development Awards were presented to Brecko Construction Co., Wichita; Martinez & Sons Inc., Hutchinson, and Ewe-Con Corp., Topeka, last week.

Singled out for a special award was Cornejo & Sons Inc., Wichita. The company, owned by Jesse Cornejo, was recognized for its work in the area of employment and economic development among minorities and women.

Brecko was founded 14 years ago by L.O. Breckenridge Sr. Martinez & Sons was started in 1960 by Jim Martinez, and Ewe-Con was started 10 years ago.

People In Business



Cornejo

• • •

A Survivor

As Black Computer Technician, Peete Proves Critics Wrong

By Anthony Neely
Staff Writer

Nearly two years after opening P & P Electronics at 13th and Hillside in northeast Wichita, Wendell Peete feels he's proven a lot of people wrong.

Some critics told him it wasn't smart to open a computer service shop on the edge of Wichita's black community. And some predicted that a black computer technician would not be able to compete citywide. Still others doubted that a 1960s social activist and reputed "hothead" had the sophistication to make it in the business world.

"I was given anywhere from 20 to 90 days to survive," Peete said. "But I've been here 20 months ... and I'm still looking for ways to compete and get better and provide more service."

PEETE REPAIRS personal computer circuit boards, finding and replacing defective components in personal computers, printers and CRT or display monitors. He said his emphasis on repair, rather than replacement of circuit boards, saves individuals and small companies money and has given him a niche in the industry. A board that would cost \$160 to replace can often be repaired for as little as \$60, he said.

"There's very few technicians in the city that do repair down to the component level," he said. "It takes a certain amount of skill, but an extreme amount of patience."

Peete is one of four authorized service representatives in Wichita for Commodore computer products, and is the only authorized service representative in town for both Sanyo and NEC computer products.

Personal Profile

Fact Sheet

Name: Wendell Peete

Age: 35

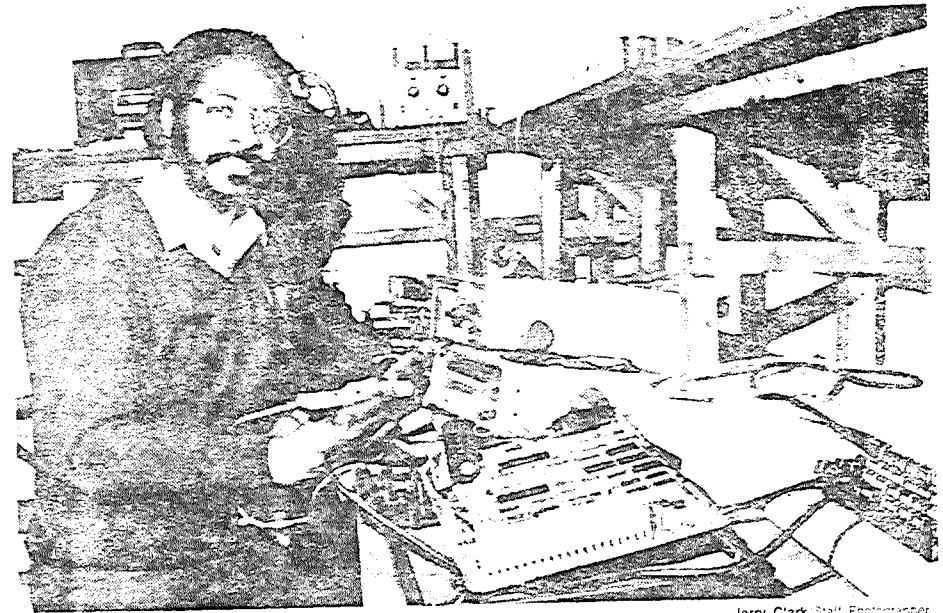
Title: Owner, electronic technician P & P Electronics Inc.
Education: East High School graduate, 1965; associate's degree, Schwieter Technical School, 1982

Experience: Computer repair P & P Electronics February 1984 to present; service technician, Business Systems Inc., January 1983 to October 1983; auto interior upholsterer, 1979-1982; salesman, Firestone Tire & Rubber Co., Dallas, 1977-78; auto mechanic, 1974-76; employed by various social agencies, 1965-74

"Secret Weapon" in Business: Support from Phyllis, his wife of 20 years.

Business has been good, Peete said, because getting a computer repaired, rather than replaced, is not an easy task for computer owners these days.

"MY IDEA was to start out with a service philosophy and build from there," he said. "A new product has a certain amount of life. Now people are starting to question, 'Where can I get this repaired?' The independents who didn't have a real strong service force to complement the sales



Jerry Clark, Staff Photographer

Some doubted that '60s activist Wendell Peete had enough sophistication for business world.

force have run into difficulties."

While 1984 was a difficult start-up year, Peete expects revenue to total \$25,000 to \$30,000 for 1985. He expects annual sales to reach \$75,000 to \$100,000 by 1990.

Gesturing toward the rooms of his 1,000 square-foot shop, Peete said, "This is my thing right here. I found my niche in life. It took 15 years to find it."

A Wichita native, Peete came up, by his assessment, the hard way. He worked as an employment programs coordinator for

the Wichita Area Community Action Program, a federal program, and other social programs, for about 10 years, from his graduation from East High School in 1965 until 1974.

STAN BUCKLEY, a social worker with the North Mental Health Center, was director of a community action center in northeast Wichita which Peete joined as a job team coordinator. "Back during the '60s he was a streetwise youngster," Buckley said. "His

goal was to work with disadvantaged residents, improving the financial and economic standing of the neighborhood. We thought we were going to do away with poverty."

However, Peete, like many young blacks of that era, was impatient for change, and was viewed by some as "hotheaded," Buckley said.

But after attending Wichita State University part time as a

● PEETE, 9D, Col. 1

In Computer Work, Peete Returns to First Love

● PEETE, From 3D sociology major, operating his own auto repair and upholstery company (P & P Auto Services), and doing auto repair in Dallas, Peete enrolled in 1979 at Wichita's Schweiter Technical School for electronics training. He discovered that he had returned to his first love.

"They (guidance counselors) pointed me toward social work, whereas I was a tinkerer," he said. "I had torn things apart from the age of 4 or 5. . . . I wanted to find out what made things run, what made them not run, what made things tick."

PEETE GRADUATED from Schweiter — which, he said, has a reputation as a "killer school" for tough academic standards — in 1982 at age 35.

He worked as a computer technician for Business Systems Inc. in 1983 before forming his own firm.

After facing opposition initially, Peete said the business got more attention and support after a visit to his shop by Control Data Corp. representative Hal Theiste. Peete had written to Chairman William Norris and invited him to stop by P & P Electronics during Norris' trip to Wichita in 1984.

"I was impressed with Wendell's imagination and creativeness and I guess also his dedication to his effort," said Theiste. Theiste, Control Data's general manager of strategic planning, was then president of City Venture Corp., an urban development investment firm partly owned by Control Data.

CONTROL DATA found Peete's goals of fostering economic development among minorities through high technology similar to its own Job Creation Network programs, which facilitate urban business development nationwide, Theiste said.

P & P has not been hurt by the current slump in new model sales which has hit the computer industry, Peete said. More and more service requests are coming from outside Wichita, as far away as Kansas City, Topeka and Hays, he said.

And participation in the Small Business Administration's 8-A set-aside program for minority businesses will help him secure federal contracts in the future, Peete said.

HE EVENTUALLY wants to sell, install and service complete computer systems for businesses. Commercial customers are only

about 20 percent of his clientele now, the rest being individual personal computer owners.

While Peete eventually hopes to

hold computer training classes at his shop and to employ technicians from the neighborhood — continuing his past job counseling

efforts — he is now content to serve as a role model and computer information source for the northeast area.

Holmes' Greeting Cards For Blacks Fill a Need

By Ellen Dyer
Staff Writer

Melissa Holmes used to feel frustrated when she went shopping for greeting cards.

She could never find a card with which she could identify and to which her friends could relate. She eventually would settle for whatever was available and "shade in the figures, because I am not blond, I am not blue-eyed, and I feel anything I send should be representative of me."

Today Holmes, 38, a black woman who grew up in the South in the 1960s and participated in the civil rights struggles of the era, is developing a greeting card and print business. Her subjects are black people, and so are the artists.

HOLMES' BUSINESS focuses on Christmas cards and prints as well as a historical postcard, which she wholesales from her home at 1455 N. Ash.

But she dreams of expanding into wholesaling a full line of black-related greeting cards and stationery. Holmes said she will need more investors and a board of directors to help guide the business to that point, which she thinks will take at least three years.

Sondra Hayes, art director with Carole Linder & Co. Inc., Wichita advertising and public relations firm, created the line of Christmas cards Holmes sells.

Hayes, who also freelances, said the black greeting cards idea is a good one and fills a need. "I know myself when I want to buy a Christmas card or Mother's Day card, I'd rather choose one with a black woman on it," Hayes said. "People have a longing for something of their own, something to identify with," she said.

BIG COMPANIES such as Hallmark Cards Inc., Kansas City, Mo., market black greeting cards, but Hayes says she thinks there is a place for Holmes' cards. Hallmark's cards "are good and their's sell, but this is something unique. It's like buying hamburgers from Mom's Deli or from McDonalds," Hayes said.

Carolyn Myers, a friend of Holmes for more than 10 years and a sales agent with Mutual of Omaha, has watched Holmes develop her skills over the years. When Holmes first came to Wichita in 1972, she worked as a cashier, clerk, bank teller and administrator before going into business for herself.

Said Myers, "I saw Melissa developing those skills she felt would be an asset to her. And she moved upward to her career goals. One of the things she talked about was going into her own business."

Personal Profile

Fact Sheet

Name: Melissa Holmes.

Age: 38.

Business: Holmes-Sampson Inc., wholesaler of Christmas cards and prints by black artists, and postcards depicting black historical figures.

Education: Bachelor of science degree, Wichita State University, 1978; high school graduate, Durham, N.C., 1965.

Experience: Small-business owner, administrator, teller, clerk, civil rights activist.

The future: "I see eventually that every black person who desires to have a black-related greeting card will be able to get one."

stereotypes of this society, she says I am a person first, and I can move forward," Hayes said.

The road to creating her own business hasn't been easy for Holmes.

Born in Arkansas City, she moved at age 2 to Durham, N.C. — a "wonderful" place for a black person to grow up because it was 50 percent black. "All the professionals I knew were black, which gave me excellent role models."

For her early schooling and first two years of college, she attended all-black institutions. "This helped me better define myself as a person," Holmes said. She said her high school friends assumed that they would go to college and have careers.

But Holmes also has plenty of painful memories. Because of the color of her skin, she said, she was barred entry to stores, movie theater and restaurants.

She became involved with the civil rights movement while in high school, when, at the age of 16, she joined the National Association for the Advancement of Colored People.

SHE DROPPED out of North Carolina Central University after two years to travel and demonstrate in North Carolina and Tennessee with black activist Stokely Carmichael. Holmes helped blacks register to vote and taught them how to picket non-violently.

She met slain civil rights leader Martin Luther King Jr., and Marxist Black Panther leader Eldridge Cleaver. She picketed a drug store in Durham, "where we could not go in or eat or work," a place

where she goes now "every time I go home."

From people like King, Carmichael and Cleaver, Holmes said she learned "that I could be assertive."

By the time she was 21, Holmes needed something more in her life than the hardships of activism. She wanted glamour, she wanted to see another part of the country, and she wanted to mingle with people from other cultures. And so she moved to New York City where her father, Austin Sampson, lived.

Holmes held a variety of sales, research and clerical jobs in New York, none of which paid enough or gave her much satisfaction, and she returned to Durham after about a year.

In 1972 at age 25 she moved to Wichita with her late first husband Larry Armstrong. Armstrong, a community leader and executive director of Youth Development Services, died at age 32 in June 1981, following a motorcycle accident. The couple had a son, Nicky, now 13. Holmes has since married Glenn Holmes, a music teacher at The Wichita State University.

IN WICHITA she found work as a cashier, a clerk at Boeing Military Airplane Co., and a teller at Kansas State Bank and Trust Co.

Holmes was determined to complete her college education and in 1978 she was graduated from Wichita State University. That summer she attended a seminar in entrepreneurship held by WSU's Center for Entrepreneurship.

Pizza Hut founder Frank Carney was one of the speakers and Holmes said she learned "there are two types of persons, those



Dave Williams/Staff Photographer

Melissa Holmes says she thinks that any greeting card she sends "should be representative of me."

who are risk-takers and those who are not. The risk-takers are the persons who are continually thinking about what the opportunities are." She recognized herself as a risk-taker.

But Holmes wasn't ready to start her own business just then.

She took a job, from 1978 to 1982, as a case worker and minority recruiter for Big Brothers-Big Sisters of Sedgwick County Inc. That job she said, gave her "most of my knowledge of business manners, dos and don'ts."

HOLMES LATER volunteered as director of the First National Black Historical Society of Kansas a job which she said taught her how to work with a board of directors.

She also headed the work options for the women's program at United Methodist Urban Ministry for a year and a half, quitting in July to give complete attention to the greeting card business, which she and her husband started in January 1983.

Metal Company Grows Steadily

Martinez Started Firm In Family's Garage

By Ellen Dyer
Staff Writer

J.R. Custom Metal Products Inc. has come a long way from the Wichita garage where it was founded by Jesus Raul "J.R." Martinez 11 years ago.

The family-operated metal fabricating company is on the verge of reaching \$1 million in annual sales. And the Martinez family plans to expand the business into an 8,750-square-foot addition to be built adjacent to the plant at 1957 N. Mosley.

The company makes products for various industries: fast food, food processing, milling, meat-packing, trucking, construction, aviation and material handling.

And it prides itself on making or repairing whatever a client needs: food preparation tables, hoppers, holding tanks, dollies, stairways, hitches, carts, platforms, industrial duct work, stainless steel sinks, handrails, dust collectors or meat conveyors.

"YOU TAKE anything over there and they can duplicate it

Company Profile

Fact Sheet

Company: J.R. Custom Metal Products Inc.

Officers: Jesus Raul Martinez, president; Jesus Raul Martinez Jr., vice president; Patty Koehler, secretary; Luz Martinez, treasurer.

Business: Custom metal products manufacturing.

Employees: 16.

Sales: \$700,000 in 1985; \$1 million projected for 1986.

Outlook: "Our goal for 1986 is to reach \$1 million in sales, plus expand our facility."

— J.R. Martinez Sr.

and make it for you," said Ed Judd, maintenance supervisor with Purina Mills Inc., 414 E. 18th, ● METAL, 14D, Col. 1



Mike Hutmacher/Staff Photographer

J.R. Custom Metal Products is a family-run business. Above are Jesus Raul Martinez Sr., right, with son Jesus Raul Martinez Jr. and daughters Patty Koehler and Maria Kailer.

Changes Helped Metal Firm Survive

● METAL, From 3D

a division of Ralston Purina. Judd has known J.R. Martinez for about 18 years.

One of Martinez's more difficult jobs for Purina came about six years ago when the company rebuilt grain elevator hoppers so they could be converted to process Purina's animal feed. The job, said Judd, took a lot of expertise because of the unusual design requirements.

J.R. Custom Metal has been doing jobs ranging from spot welding to making food preparation tables for the fast-food chain Burger King locally since 1980.

Greg Ramsey, Burger King district manager, said the company gets the work done when Ramsey needs it done and Martinez "won't bring something bad out to me."

MARTINEZ SAID it was the encouragement of his older brother, Joe, then working in a grain elevator in Wichita, that led him to leave Mexico at the age of 24 and move with his wife to Wichita.

Although Martinez spoke no English when he first arrived, he was a skilled welder and obtained work with Wichita Steel Fabricators Inc., 3400 N. Broadway.

He became a foreman at Wichita Steel, where he worked 11 years before leaving to work at Tramco Metal Products Inc. But Martinez wanted to run his own company, and after seven years with Tramco, he left to set up J.R. Custom Metal Products.

Martinez, who learned English while on the job and in a continuing education program at East High School, started the business in the garage of the family's home at 2203 Dallas.

HIS EQUIPMENT consisted of one press brake — a machine that bends metal — purchased with a \$3,500 bank loan. The family sup-

ported itself for several months by using funds saved by Jesus Raul Martinez Jr. for a college education.

In that first year, sales were \$12,000.

By 1976 Martinez had moved the business out of the garage to a 1,200-square-foot leased shop at 317 E. 18th. Three years later the business had grown enough so that larger quarters were needed, and the custom metal products business was moved to its present location on north Mosley.

By 1980 sales had reached \$417,000. At that time the business primarily involved repair and maintenance of meatpacking industry equipment and grain processing equipment.

WHEN CHANGES in the meatpacking industry led to the departure or closing of some Wichita firms, and with the Carter administration's grain embargo ordered in January 1980 after the Soviet invasion of Afghanistan, J.R. Custom Metal nearly foundered.

Sales declined for two years.

What saved the company was Martinez's decision to seek jobs in other industries, including trucking, aircraft and food.

In addition the company changed its emphasis. While equipment maintenance and repair once accounted for 80 percent of the business, Martinez began seeking fabrication jobs. Now fabrication of products is the company's primary business, with repair and maintenance accounting for just 20 percent.

The diversification effort has apparently paid off.

FOR FISCAL 1985 sales came to \$700,000. Martinez expects to reach his first \$1 million in sales in the coming year.

Reaching that sales goal will be through the effort of every member of the Martinez family.

Martinez and his wife, Luz, have two sons and three daughters and all of them work — or will soon be working — in the business.

Jesus Raul Martinez Jr. is corporation vice president and in-shop superintendent; Jorge Martinez is job-site superintendent; daughter Patty Koehler is corporation secretary and office administrator; daughter Maria Kailer is company secretary. A third daughter, Chari Kury, who has been working as an interpreter and English teacher in Mexico, will soon become the company's first full-time sales agent.

KOEHLER SAID most of J.R. Custom Metal Product's business has come to it via word-of-mouth. Having a full-time sales agent will likely bring new business "because the few times we have gone out, we've picked up some major accounts," she said.

In addition to its sales goal, the company, said Koehler, would like to secure government contract work. Although J.R. Custom Metal Products is a minority-owned and operated business, all its contracts to date have been from the private sector, Koehler said.

Bell Executive to Speak at Minority Expo

A top-level black executive from Southwestern Bell Telephone Company's corporate offices in St. Louis will be a featured speaker at the Minority Business Conference and Expo in Wichita Oct. 16.

Horace Wilkins, Jr., assistant vice president of distribution services, will speak at the awards banquet and focus on the role of blacks in business.

Wilkins began his career with Southwestern Bell Telephone in Fort Worth, working summers while he attended Yale Univer-

sity. After graduating in 1972, he held various management positions in Fort Worth, Dallas, Wichita Falls, Austin and Houston. He moved to St. Louis in 1984 when he was promoted to assistant vice president of distribution services.

In that position, he allocates a budget of \$2 billion a year for the installation, construction and maintenance of telephone lines in Kansas, Missouri, Oklahoma, Arkansas and Texas. Wilkins directly supervises 110 people in St. Louis and is responsible for

25,000 employees in the five-state region.

The Kansas Department of Economic Development's Office

of Minority Business is conducting the conference at the Hilton Inn East.

Forty exhibition booths staffed by minority businessmen and women from throughout Kansas will display their merchandise and services to purchasing and procurement specialists.

Pepsi Cola Bottling Company of Wichita—United Telecom—BeechCraft Coleman Company—Mechanical Engineers

Minority Business Expo Closes Year With a Bang

Minority Press Service

The Minority Business Expo held in Wichita, Oct. 15-16, has been called the most successful of all the conferences held by the Office of Minority Business, according to Billy McCray, director of the office. "It was the most successful because at this conference were able to have in person those persons at this conference who had direct answers to questions and the persons who could help those small businesses were also in attendance," McCray said.

The conference actually began Tuesday evening, October 15, at the Hilton Inn East, where a reception was held for exhibitors and conference attendants. Following that reception the official opening of the conference which has been called the "Expo-Trade Fair," opened with registration. Mr. Stanley Tate, deputy director, MBDA Chicago Regional Office, gave the morning address.

At the first presentation a public procurement opportunities workshop was held. Here participants were privileged to hear some of the persons whose expertise in certain areas, offer information on securing contracts and working with the state on bids, jobs and possible contracts. Keyton Barker served as moderator of the procurement workshop. Panelists answered questions from the audience and made available forms to complete for bidding purposes.

Barker, in his explanation, informed the conferees that if they were interested in working with a particular agency, it is necessary for them to make contact with the agencies and the agencies will recommend them to vendors. Let them know what your and what your have available to them.

Questions asked from the floor included such as: how does a company get on the bid list and stay

by enumerating the 5 C's in trying to secure any loan: character, capacity, capital, conditions and collateral.

Mary Jenkins informed the crowd that the state has SBDA offices located at Wichita State University and 8 more throughout the state: Emporia State, Fort Hayes, Johnson County Community College, K-State, KU, Pittsburgh State, Wichita State and

Washburn. According to her, the state has assisted with 1500 small businesses in the state of Kansas.

The office is partially funded by the Small Business Administration as well as the university where it is located.

A third workshop was on private procurement opportunities. Serving as the moderator was Wayne Franklin, Southwestern Bell Telephone Company.

Following are some minority businesses that exhibited at the Minority Expo.

(Continued To Page 6)



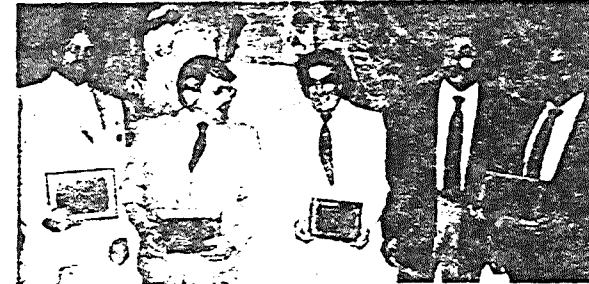
Governor John Carlin addresses the banqueters.



From left, Dale Diggs, Jr., 1985 Small Business Person of the Year; Jesse Comejo, Comejo & Sons; Gary Ewell, EWE-CON Corporation; Lorenzo Breckenridge, Jr. and Sr., Brecko Construction Company.



Lorenzo Breckenridge, Jr. of Brecko Construction Company accepts award from Jamie Schwartz, secretary, KDED, Topeka.



From left, Gary Ewell, EWE-CON Corporation; Jim Martinez, Martinez and Sons, Inc.; Jesse Comejo, Comejo & Sons; Lorenzo Breckenridge, Jr. and Sr., Brecko Construction Company.



Gary Ewell, EWE-Con Corporation, accepts award from Jamie Schwartz, secretary KDED.



Dorothy Jemmerson of Positive Expression, Wichita.



Mr. and Mrs. Gary Ewell, EWE-CON Corporation, Topeka, KS, stand inside their booth at the Minority Business Expo.



Jesus Raul Martinez and daughter of J.R. Custom Metal Products, Inc.

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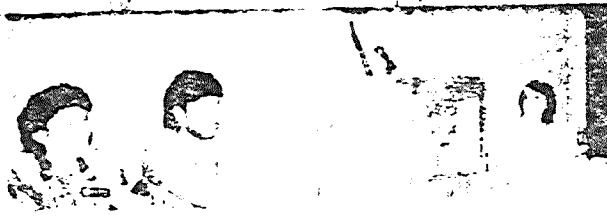
able to them.

Questions asked from the floor included such as: how does a company get on a bid list and stay there. Answer: If you have signed up for the bidders list and you have not received bids within three months or more, you may want to get back with the purchasing office and make sure you are still on the list. Once you're on, you're on. If you want to bid on a job with a prime contractor, make sure the prime contractor knows that your want to bid and what your are bidding for.

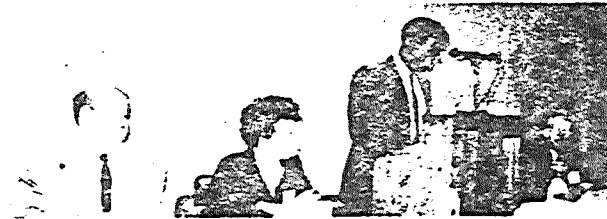
Another question asked was on the mentor protege program. According to Barker, the mentor protege program occurs when a prime contractor assists a small business, whereby a small business makes an agreement with a prime contractor and the contractor provides the necessary training to become a more viable contractor in a particular field. He advised those persons interested in the mentor protege program to approach a prime contractor and make the suggestion.

Following the procurement workshop and lunch, a second workshop, Financial Resources Available for MBE's was held. Serving on the panel were Mary Jenkins, director, small business development center, Wichita State University; Lloyd Jones, vice president, Fourth National Bank, Wichita; Ron Nichols, director, Nine Tonic Certified Development Center, Pratt; and Bob Anderson, loan officer, SBA, Wichita District, Wichita.

During the presentations, Mr. Jones advised the group of a number of steps one must take if applying for a loan of any kind. Included in those steps were: call ahead for appointment, leave your kids at home, dress appropriately, be prompt for appointment, be prepared to sell yourself and your business, be professional at all times, be specific as possible, provide a narrative of loan request, know your time for repayment, know the purpose of wanting a loan, know any guarantors or co-signers. He ended his presentation



Keyton Barker, moderator, Procurement Workshop



Wayne Franklin, moderator, Private Sector Workshop



Moderator, Financial Resources Workshop



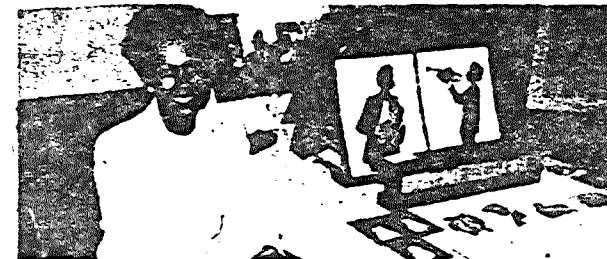
View of persons attending the conference



View of persons attending the conference



Joseph L. and Angela C. Maith, founders, Sports Trend, Inc., Marketing and Investment Consulting, Wichita.



Melissa Holmes of Holmes-Sampson, Inc. a greeting card and postcard company in Wichita.



Edward B. Penrice, of Perfection Industrial Distributors, stands in his booth at the Minority Business Expo.



From left, Andy W. Montidoro, Airparts Company, Inc. and P.B. Curly Lanning, also of Airparts, Company, Inc.



Julius and Mike McLaurian, barbecue specialists, of Mack and Son's Barbecue Catering Service, Wichita

Jesus Raul Martinez and daughter of J.R. Custom Metal Products, Inc. pose by their exhibit at the Minority Business Expo



Charles Douglas, PICTURE HOUSE, Topeka, was one of the exhibitors at the Minority Business Expo.



Eames Barnes of Proad Company.



Andy Anderson and Secretary of Anderson Excavating Company

Minority

ProAd

He may have shortened his name but he did not shorten his business or his ability to do it. Earnest Barnes works for ProAd, short for Professional Advertising Associates and he is quite comfortable in what he does and how he pleases his customers. "We have advertising for anything imaginable," he says. You can get adver-

tising on your writing instruments, playing cards, t-shirts, travel luggage, caps, pins and much, much more. "We are developing a network of resources so we can contact you when you need your next visible advertisement. The ProAd Company has as its slogan "A Step Beyond The Rest Of 'Em." Call him at (316) 263-4534 or stop by his office at 1126 East English, Wichita.

WRAP-UP

Billy Q. McCray, director, Office of Minority Business says he is very pleased with the results of the conference. "our minority businesses had an opportunity to exhibit their wares and this has opened the eyes of many of us as to what is available from minority entrepreneurs." McCray said his office will continue to give procurement conferences but probably not until next spring or early summer of 1986, now. He says his office will be paying close attention to the Kansas Legislature where bills that affect minorities will be coming up for discussion and possible passage. One such bill is Senate Bill 353, fathered by Senator Paul Feliciano. The bill is in the Ways and Means Committee. "It has had its problems," McCray said, "but it has its potentials, too."

McCray urged everyone to work with each other, noting that networking is necessary for minority businesses. He encouraged everyone to make sure that their information is disseminated to the public via the minority and majority press. "We are pleased that the Minority Press Association has worked so hard with the Office of Minority Business," McCray said and continued by saying that his office has been strengthened by the Minority Press Association and the fine minority newspapers it sponsors. Samuel Jordan is chairman of the board and president of the Minority Press Association.

This year's expo was favored with the presence of Jamie Schwartz, secretary, Kansas Department of Economic Development who gave remarks and presented awards and Governor John

Carlin, who also gave remarks. "It was a really good conference," McCray said, in closing.

Sports Trend

Sports Trend is owned by Joseph L. and Angela C. Maith. The couple has been in business only two months and already has shown much progress in the business field. Both Angela and Joseph are proud of their progress thus far. In explaining their business, they say that by becoming a participant in Sports Trend, it allows you to buy products at a discount price and by recruiting or referring, they get the commission from the company by encouraging people to participate. Sports Trend has everything from tools, to jewelry, to microwaves, VCR's, knives, dishes, etc. "We can get it to you from a wholesale manufacturer,"

Minority

Angela says, and "and the price is much cheaper." They are now working with a number of businesses as well as church organizations. They invite you to stop by their business location or all them at (316) 684-2043.

Positive Expression Seminars

Ever felt good about yourself? Dorothy Jemerson of Positive Expression Seminars says she has the way to make you have that feeling and it can come from the inner self. Her business has as its purpose image seminars for companies, corporations, schools and image and motivational seminars for them and other interested parties. A side benefit is becoming involved in the fashion world. Dorothy has been in the business 6 years. She can be found at 3255 East 12th Street, Wichita, or call her at (316) 685-0127. Sessions are beginning now.

Airparts Company, Inc.

Curly Manning says he is just a salesperson but you would never guess it. Curly and Andy Montidoro both work for Airparts Company, a company that sells replacement parts for aircrafts. "We have clients all over the world," Manning says. "We also sell to the government, but the majority of our business is export. We gross in excess of \$10 million per year." The company has 35 employees from administration to sales. Manning says he has been with the company four years. The company is owned by Marta Maxwell. Airports is located at 5801 West Harry, Wichita, or you may call (316) 943-2377.

J. R. Custom Metal Products, Inc.

Jesus Raul Martinez and his daughter Maria, have been in business 10 years and with the type business they do, they will probably be in business even much

Continued From Page 20

much more than that. The company has as some of its clients, Bell Telephone Company, Cargill, Ralston Purina and Dupont. They sell raw materials and they bid on all kinds of jobs. Their slogan is "if you can't make it, you don't need it." The company has 21 employees, 17 in the shop and 4 in the offices. J. R. custom metal products is located at 1957 N. Mosley, Wichita, or call (316) 263-1318.

Mack & Son's Barbeque Catering Service

Like father, like son. That's the old saying and it holds true in this case also. The two are from Derby, KS and have been in the business 2 years this month. The father, Mack, is a retired school principal and decided to open a new business to "keep him busy." They serve barbequed meats: ribs, beef, ham, sausage, turkey, country ribs. "You name it, we'll smoke it," they say. They also have pre-smoked meat. Their employees consist of family members, five of them. A new feature that they have is hot or cold containers to keep the food either hot or cold up to five hours. Need Mack? Call him at one of these numbers: (316) 262-6660; 267-6459 or 788-1581.

Perfection Industrial Distributors

Edward B. Penrice is an associate of Perfection Industrial Distributors, a growing business that has already spread into St. Louis, Denver, CO and Orlando, FL. "We have been in business 12 years in the Kasnas City area," Penrice says. Some of our major clients include General Motors, Bendix, United Telecom, KCA Transit Authority, and other small businesses. We supply various commodities to all these places. We have any industrial need your company may have. There are three warehouses in two different

locations. They have contracts with the city. General Motors, Coca Cola and METRO, to name a few. They have volume sales of over \$1 million per year. "We are an aggressive company," Penrice says. The company is located at 1740 Paseo, Suite E, KCMO or call (816) 421-0820.

Holmes-Sampson, Inc.

Melissa Holmes is no stranger to the Wichita area. Her market is one that is unique in itself and becoming more of a necessity every day. "We are a black greeting card company," she explains. We are pleased with the response we have been getting from people thus far and look forward to pleasing our customers at any time." She and her husband have been in the business for 3½ years and just recently her work there became so demanding until she had to give up her other job. "The month of November is really my good selling month," she explained. Melissa says that is when most of the people begin buying for the Thanksgiving and Christmas holidays. She also puts on art shows where her work is always on display. If you are interested in black greeting cards, contact Melissa at (316) 263-0008.

Picture House

A one man operation known as "Picture House" is doing a booming business. Charles Douglas, owner of the company, has pictures for every occasion and every room in your home, office or wherever. He has been in business for 30 years. He says she carries reproductions and custom picture framing. His slogan, "Our Reputation Hangs On Your Walls," has made him a star. You can get that next picture for your wall by stopping by his office at 911 Kansas Avenue, Topeka, or by calling him at (913) 233-5788.

Profit is Key, Says Bell Telephone Executive

WICHITA — October 16. Profit is the primary key to survival for all businesses a top-level black executive from Southwestern Bell Telephone Company's corporate offices in St. Louis told participants in the Minority Business Conference and Expo in Wichita today.

"It's not about greed. It's about survival. You can't buy things you want for your family without making a profit...Profit is the key, whether you are a big business or a minority small business," said Horace Wilkins, Jr., assistant vice president of distribution services for Southwestern Bell.

Small companies cannot provide jobs to the community without profitable income to pay



Horace Wilkins

salaries. In addition, business cannot expand or be revitalized without profit to put back into the operation.

Wilkins outlined his four-step formula for success.

— First, think of yourself as a business first and a minority second. "Remember, business is business — whether you are a minority small business or a major corporation," Wilkins said.

— Second, watch out for the pitfalls of small business. Get the skills you need and utilize the resources available. "Go to school if necessary; it gives you the chance to gain valuable experience.

Continued To Page 22

Business Expo

Continued From Page 1

Sometimes education can be just a matter of asking the right questions of the right people," Wilkins pointed out.

— Third, be a professional. No matter what your field or industry, pay attention to detail. Doing your homework will ensure that you are prepared to meet opportunity.

— Fourth, communication is vital. Be sure you understand what the customer is asking you to do and within what time frame.

Wilkins told the participants that perfecting business skills is a major contributor to business success. "If you cannot manage \$100 why would you be able to manage \$1 million better. The same basic good management skills apply whether your business is big or small," he said.

Wilkins began his career with Southwestern Bell Telephone in

Fort Worth, working summers while he attended Yale University. After graduating in 1972, he held various management positions in Fort Worth, Dallas, Wichita Falls, Austin and Houston. He moved to St. Louis in 1984 when he was promoted to assistant vice president of distribution services.

In that position, he allocates a budget of \$2 billion a year for the installation, construction and maintenance of telephone lines in Kansas, Missouri, Oklahoma, Arkansas and Texas. Wilkins directly supervises 110 people in St. Louis and is responsible for 25,000 employees in the five-state region.

The Kansas Department of Economic Development's Office of Minority Business conducted the conference at the Hilton Inn East.



Holmes-Sampson Inc.

October 19, 1985

Clay

Billy McCray & Tony Augusto
Minority Business Office
Kansas Department of Economic Development
503 Kansas Ave., 6th Floor
Topeka, KS. 66603

Dear Billy and Tony,

I wish to thank you for arranging the Expo and Conference. Unfortunately, I was unable to attend the various conference presentation because I had to oversee my exhibit.

Holmes-Sampson, Inc. is eternally grateful to your office because of the exposure the event gave us and the many, valuable contacts I was able to make. Nothing else afforded Holmes-Sampson, Inc. the opportunity to come into contact and to network with so many businesses in the region.

We are looking forward to your next Expo and Conference.

Please notify us of any other scheduled Expo and Conference events in the region. We would like to attend some of them.

Your office provides an immeasurable opportunity for the small, minority businessperson.

Thank you for everything.

Sincerely,

Melissa Holmes
Melissa Holmes



Handwritten initials: CMB

THE WICHITA HILTON INN EAST

October 21, 1985

Mr. Tony Augusto
Ks Dept. of Economic Dev.
Minority Division
503 Kansas 6th Floor
Topeka, KS 66603

Dear Mr. Augusto:

On behalf of the entire staff of the Wichita Hilton East, we want to thank you for holding your special event at our hotel.

We hope to be of continuous service to you and your organization, hoping to make each function a pleasurable and successful one.

Please complete the enclosed critique as we do appreciate any comments that can assist us in continuing to provide the kind of service you require.

Once again, thank you...it has been a pleasure working with you. If we may be of further assistance in any way, please call or drop us a note.

Hope to see you again soon!

THE WICHITA HILTON INN EAST

Handwritten signature: Kytt Balee

Kytt Balee
Convention Coordinator

KB/em

Enclosure



P.O. Box 8776
Pratt, Kansas 67124-8776

October 28, 1985

OCT 30 RECD
QMK

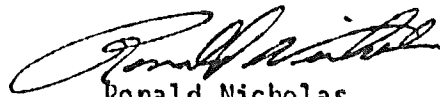
The Honorable Billy McCray
Kansas Department of Economic Development
503 Kansas Avenue-6th Floor
Topeka, Kansas 66603

Dear Senator McCray:

Just a note to you expressing our grateful appreciation for the opportunity of meeting with you and your very astute group on October 16, and on the manner of which the Minority Business Expo-Conference in Wichita was conducted.

It was indeed a pleasure to be exposed to such a professional conference.

Best Personal Regards,


Ronald Nicholas
Executive Director

RN:1ju

ProAd

**PROFESSIONAL
ADVERTISING
ASSOCIATES**

QMB 11/11

(316) 263-4534

1126 EAST ENGLISH
WICHITA, KANSAS 67211

November 4, 1985

Kansas Department of Economic Development
Minority Business Division
503 Kansas Avenue
Topeka, Kansas 66603

Mr. Antonio Augusto, Program Manager

Dear Mr. Augusto;

This is in reply of your letter of thanks of October 23, 1985.

It was an honor and valuable experience having participated in the Expo and conference. I think it was a great success. It presented a unique network of important contacts and leads-for the small business sector.

I will be more than happy to be an exhibitor next year-please put me on your mailing list.

I would recommend that a contact person, or persons here in Wichita work with the news media and releases that you would like to use in promoting the Expo. We personally know the television, newspaper and radio personnel responsible for the Minority news coverage.

I would also like to recommend that we use an advertising specialty, (a memento for every Expo attendee) for stimulating greater interest and awareness of your important program.

We designed the "WE ARE FAMILY" theme for the Wichita Chamber of Commerce, Sample 1, and the Kansas pen for the Governors Council, Sample 2.

Enclosed please find a catalog with many items that we use as promotional items. I hope these ideas may be of interest to you and your Division.

I would also like to request a list of the conference attendees.

Again thanking you in advance for your courtesy, I will be looking forward to hearing from you.

Sincerely,

Earnest E. Barnes
Earnest E. Barnes
Promotion Account Executive

eeb/cls

Carole Muchmore Morgan
Community Development Director
Kansas Department of Economic Development

Current: Management of state Community Development Block Grant program, Kansas PRIDE (community improvement) program, Kansas Main Street Program, Community Technical Assistance program, and Kansas Housing Program. Administration of \$17 million budget; supervision of staff of 20 persons.

Educational
Experience:

Masters Degree in Public Administration
North Carolina State University 1978

Bachelor of Arts Degree, University of South Dakota 1970
Major: Political Science Minors: Mathematics, Economics

Executive Management Seminar
University of Kansas, Capitol Complex Center,
Topeka, 1984

Professional
Training:

Economic Development Seminar, 1984
Business Financing Seminar, June, 1984
National Development Council
Management and Administrative Training - CDBG
U.S. Department of Housing & Urban Development Training
Staff - March, 1984

Work Experience:

1981 - 1983 Special Assistant to Secretary, Kansas Department of Economic Development. Responsibility for policy and program development and implementation, budgetary and legislative program, administrative procedure and coordination of division programs.

1980 - 1981 Business Manager, WRAL-TV, and Controller, Television Division, Capitol Broadcasting Corporation (Raleigh, N.C.): Responsibility for financial management of television broadcast station including all accounting and financial reporting, budgeting, capital budget and cash flow management; supervision of accounting department; member of company management team. Worked under the supervision of General Manager.

1979 - 1980 Budget and Management Analyst, City of Durham, N.C. Responsibility for budget preparation, analysis and administration; management systems, organizational and methods analysis on a continuing project basis; specific experience in the areas of water and sewer and general services management; revenue and expenditure estimation.

Temporary assignment as Assistant to the City Manager, City of Durham. Responsibility for research, analysis and preparation of recommendations and reports; coordination of a variety of staff work for the City Manager; identification of operational and policy problems and completion of staff recommendations

Attachment D

1979 - 1980

Continued

including implementation; preparation of formal agendas for all meetings of the City Council.

1978 Research consultant to Erickson Associates: Research contributing to expert testimony - oil and gas industry.

1976 Vice President and General Manager, C & L Aviation, Inc. Wendell-Knightdale Airport general aviation services: Responsibility for all financial matters and accounting, inventory control, aircraft maintenance, compliance with Federal Aviation Agency regulations, flight school and flight scheduling. Supervision of seven pilots and one laborer; maintenance of general operations.

1975 Intergovernmental Coordinator/Administrative Assistant to the Director, North Carolina Office of Manpower Services, management team for \$100 million program of employment and training of disadvantaged workers under the federal Comprehensive Employment and Training Act (CETA): staff North Carolina Advisory Council; primary liaison in policy matters with federal, state and local governmental agencies.

1974 Coordinator, Intergovernmental Human Services Program North Carolina Office of Intergovernmental Relations; duties included initial implementation and development of the Intergovernmental Human Services Program under gubernatorial policy direction; policy interpretation; training and guidance of regional human service planners; liaison between state and local agencies; oversight of the development of comprehensive regional human service plans.

1971 - 1974 Assistant to the Governor, State of South Dakota: responsibilities and duties included organizing and staffing first cabinet under Executive Reorganization; coordinating and developing Governor's legislative proposal package; legislative liaison; federal/state coordination; varied staffing, writing and research responsibilities; Administration Director for Implementation, Executive Reorganization Commission; constituent service.

1970 Legislative Assistant to Iowa State Senator, Joan Orr.

Professional

Associations: American Society for Public Administration
Council of State Community Affairs Agencies (COSDCC)

Awards:

Pi Sigma Alpha - National Political Science Honor Society
Alpha Pi Alpha - National Public Administration Honor Society
Presidential Management Intern

Leavenworth: The Convention and Visitors Bureau has asked for a Tourist Assessment and Plan. They have requested that it be done this spring so that they can begin its implementation prior to the tourist season. Leavenworth's access to large population, the river, its history, and a number of other items combine to give it a strong tourist appeal. In the past nearly no effort has been made to attract tourists or to develop the cities tourist appeal. Plans are to include on the team an expert on convention development. Development of the river front, the downtown and promotion will probably be included in the recommendations that are made.

The city has committed to a number of development projects. My concern is that they may not be able to meet the need and requirements necessary to maintain efforts in all of the areas. On the other hand, river front development, Main Street, and tourism/convention promotion are so interrelated that development in all areas seems to be essential. This is a project that I am excited about.

Community Assistance Work
for 1985

Emporia, Tourism Promotion, started November 23, 1984, completed March, 1985.

Chanute, Economic Development Assessment, started August, 1984, completed January, 1985.

Caney, Tourism Promotion, started March, 1985, completed June, 1985.

Osawatomie, Tourism Promotion, started February, 1985, completed May, 1985.

Russell, Tourism Promotion, started April, 1985 and completed June, 1985.

Cawker City, Economic Development Assessment, started March, 1985, completed August 1985.

Columbus, Tourism Promotion, started May, 1985, completed July, 1985.

Oswego, Tourism Promotion, started December, 1984, completed April, 1985.

Kickapoo Reservation, started July, 1985, completed January, 1986.

Enterprise Zones: (FY 1986 Activities to Date)

Applications received	46
Applications approved	42
Applications disapproved	1 (Glasco)

15 applications were for amendments to existing zones. Currently, 124 Kansas communities have zones designated.

Other activity this year included the presentation of audit findings before the Legislative Post Audit Committee. This, and concern from the business community on the effectiveness of the program, resulted in the initiation of remedial actions. KDED and the Department of Revenue are working on legislative recommendations to improve the program.

All files have been checked and maps date stamped.

Please find attached summary of designated Enterprise Zones.

Community Surveys:

Barton County Attitude Survey. Final corrections now in word processing. Reports should be printed and mailed to Barton County by January 31.

Leavenworth Merchant Survey. Final corrections now in word processing. Reports will be mailed by January 24.

Kingman Shoppers Attitude Survey. All data has been coded and entered into the computer. Work schedule projection:

Data Analysis Completed:	February 7
Report Completed:	March 7
Final Completion Date:	March 21

Leavenworth Shoppers Survey. All data has been coded and entered. Work schedule projection:

Data Analysis Completed:	February 14
Report Draft Completed:	March 14
Final Completion Date:	March 28

Hiawatha Shoppers Survey. Survey returns now being received. Work schedule:

Cut-off Survey Returns:	February 7
Coding and Data Entry:	February 28
Data Analysis:	February 14
Report:	February 28
Final Completion:	April 11

Ulysses Shopper Survey. No work has begun at this time. First meeting with community could be scheduled in mid-March. Work completion schedule can not be forecast at this time.

KANSAS ENTERPRISE ZONES

Abilene
Altamont
Andover
Anthony
Arcadia
Arkansas City
Atchison
Attica
Augusta

Baldwin City
Barnes
Baxter Springs
Basehor
Belleville
Bonner Springs

Caney
Cawker City
Chanute
Cherryvale
Chetopa
Clay Center
Coffeyville
Columbus
Concordia

Derby
DeSoto
Dodge City
Dorrance
Downs

Edwardsville
El Dorado
Ellsworth
Elwood
Emporia
Erie

Fort Scott
Fredonia
Frontenac

Galena
Garden City
Glasco
Goddard
Goodland
Goessel
Great Bend

Hays
Haysville
Harper
Haven
Herington
Hesston
Hiawatha
Hillsboro
Hoisington
Horton
Hutchinson

Independence
Iola

Junction City

Kanorado
Kansas City
Kinsley
Kiowa

Lansing
La Harpe
Lawrence
Leavenworth
Leoti
Liberal
Lindsborg
Linn
Lucas
Lyons

Maize
Manhattan
Marysville
McPherson
Meade
Moline
Mound City
Mulvane

Neodesha
Newton
Ness City
North Newton
Norton

Oakley
Osage City
Osawatomie
Osborne
Oswego
Ottawa

Park City
Parsons
Peabody
Phillipsburg
Pittsburg
Pleasanton
Pratt

Quinter

Ransom

Sabetha
Salina
Seldon
Scammon
Smith Center
South Hutchinson
Spearville
Spring Hill
Stockton
Summerfield

Tonganoxie
Topeka

Ulysses

Wakeeney
Walton
Washington
Wellington
Wichita
Winfield

Yates Center

ENTERPRISE ZONE APPROVAL LIST

(In the following cities, original designations were made under the original legislation)

City	City Wide Designation	Method of Approval		Date
		UDAG Eligible	Distress Criteria	
Winfield	Y	X		08/25/82
(Winfield designation dropped)				07/01/84
Winfield (reinstated)	N		X	(07/30/85)
Kansas City	Y	X		10/07/82
" "	N	X		(06/12/84)
Independence	Y	X		10/27/82
" "	N		X	(06/07/84)
Topeka	N		X	10/27/82
" "	N		X	(05/27/83)
" "	N		X	(06/08/83)
" "	N		X	(06/07/84)
Leavenworth	Y	X		11/11/82
" "	N		X	(08/06/84)
Manhattan	N	X		11/23/82
" "	N		X	(06/29/84)
Pittsburg	Y	X		01/14/83
" "	N	X		(05/11/84)
Wichita	N		X	03/08/83
" "	N		X	(08/02/83)
" "	N		X	(06/12/84)
" "	N		X	(09/19/85)
Hutchinson	N	X		03/09/83
" "	N		X	(06/29/84)
" "	N		X	(11/26/84)
Galena	Y	X		03/10/83
" "	N	X		(06/29/84)
" "	N	X		(05/10/85)
Norton	N	X		03/15/83
" "	N	X		(10/14/83)
Iola	Y	X		03/18/83
" "	N		X	(06/29/84)

CITY		Method of Approval		
		UDAG Eligible	Distress Criteria	
Newton	N	X		03/25/83
" "	N		X	(03/28/84)
" "	N		X	(01/02/86)
Cherryvale*	Y	X		03/31/83
(Designation dropped)				*07/01/84*
(New designation)	N	X		(10/23/85)
Abilene	Y	X		04/19/83
" "	N	X		(06/29/84)
Chanute	N		X	04/27/83
" "	N		X	(06/30/84)

NOTE: * denotes that the city has not yet complied with 1983 Amendments to the Enterprise Zone Act and as of July 1, 1984 have lost their enterprise zone designation.

(Original designations in these cities were made after the 1983 amendments to the Act)

Hillsboro		X		05/04/83
Salina			X	05/13/83
" "			X	(03/22/84)
" "			X	(10/22/85)
Coffeyville		X		05/16/83
Junction City		X		05/20/83
" "		X		(12/01/83)
" "		X		(10/31/84)
" "		X		(06/21/85)
Bonner Springs			X	05/18/83
" "			X	(10/18/84)
Atchison		X		06/08/83
" "		X		(12/05/85)
Ottawa		X		06/20/83
Baxter Springs		X		08/12/83
" "		X		(11/29/83)
Neodesha			X	08/12/83
McPherson			X	08/19/83
Andover			X	08/19/83
" "			X	(11/22/85)
Oswego		X		11/08/83

Arkansas City		X	11/21/83
Columbus	X		12/01/83
" "	X		(08/13/83)
Mulvane		X	12/02/83
Lawrence	X		12/02/83
" "	X		(03/15/84)
Wellington		X	12/16/83
Fort Scott	X		12/16/83
Parsons	X		12/16/83
" "	X		(01/17/85)
El Dorado		X	01/06/84
Goodland		X	01/06/84
" "		X	(07/06/84)
Osage City		X	01/11/84
Emporia		X	01/19/84
" "		X	(02/09/84)
Haysville		X	01/30/84
Great Bend		X	01/30/84
" "		X	(08/06/84)
Augusta		X	02/17/84
" "		X	(09/05/85)
Chetopa	X		02/23/84
Hiawatha		X	03/22/84
Spring Hill		X	03/22/84
Osawatomie		X	03/30/84
" "		X	(05/21/85)
Lyons		X	03/30/84
Maize		X	04/10/84
Hoisington		X	04/25/84
Elwood	X		04/27/84

Lindsborg		X	05/02/84
Concordia	X		05/07/84
Herington	X		05/08/84
Pratt		X	06/07/84
Park City		X	06/07/84
Hesston		X	06/07/84
Stockton		X	07/06/84
Liberal		X	07/16/84
" "		X	(04/11/85)
" "		X	(12/03/85)
Edwardsville		X	07/28/84
" "		X	(01/27/86)
Clay Center	X		08/06/84
Lansing		X	08/29/84
" "		X	(03/11/85)
Elsworth		X	10/02/84
Tonganoxie		X	10/04/84
Phillipsburg	X		10/11/84
Yates Center	X		10/12/84
Altamont		X	10/17/84
Pleasanton	X		11/01/84
Scammon	X		11/01/84
Marysville		X	11/20/84
Fredonia	X		11/26/84
Derby		X	11/27/84
Ulysses		X	11/27/84
Caney	X		11/29/84
" "	X		(01/25/85)
Frontenac		X	11/29/84
Dodge City		X	01/07/85
" "		X	(06/21/85)
" "		X	(12/02/85)

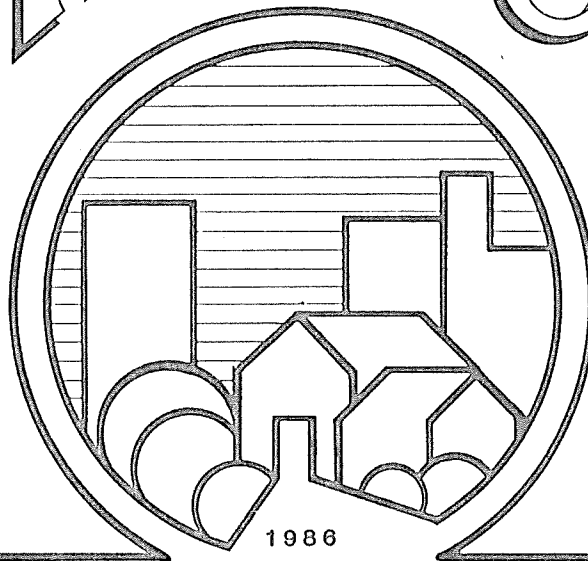
Attica	X		01/07/85
Goddard		X	01/16/85
" "		X	(09/19/85)
North Newton		X	01/24/85
South Hutchinson		X	01/28/85
Harper		X	01/29/85
" "		X	(09/19/85)
Cawker City	X		02/08/85
LaHarpe	X		02/14/85
Mound City	X		03/12/85
Peabody	X		03/18/85
Hays		X	03/18/85
Erie	X		04/11/85
Osborne		X	04/11/85
Kiowa	X		04/23/85
Goessel		X	04/30/85
Moline	X		05/21/85
Lucas	X		05/21/85
Kanorado	X		05/23/85
Haven		X	05/23/85
Wakeeney			05/24/85
Baldwin City	X		07/15/85
Anthony		X	07/15/85
Oakley	X		07/30/85
Basehor		X	08/09/85
Summerfield	X		08/20/85
Smith Center	X		09/19/85

Ransom		X	09/19/85
Glasco	X		09/19/85
Walton		X	09/19/85
Downs	X		09/23/85
De Soto		X	09/23/85
Leoti	X		09/30/85
Belleville		X	10/08/85
Ness City		X	10/08/85
Meade	X		10/21/85
Garden City		X	10/31/85
Linn	X		10/31/85
Arcadia	X		11/07/85
Horton	X		11/07/85
Spearville	X		11/21/85
Sabetha	X		12/02/85
Seldon	X		12/11/85
Dorrance	X		12/11/85
Quinter	X	X	12/17/85
Washington	X		12/20/85
Barnes	X		01/03/86
Haviland	X		01/15/86
Rose Hill		X	01/27/86

NOTE: () indicates that the city has revised its zone area on that date.

Revised 1/27/85

KANSAS



Small Cities
Community Development
Block Grant Program

Small Cities Community Development Block Grant Program
KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
400 West 8th Street, Suite 500, Topeka, Kansas 66603

1985 KANSAS SMALL CITIES CDBG PROGRAM
 APPLICANTS RECEIVING FUNDING
 COMMUNITY IMPROVEMENT CATEGORY

APPLICANT	PROJECT TYPE	FUNDING AMOUNT	TOTAL PROJECT COST
Baxter Springs	Community Building	\$ 178,000	\$ 236,000
Butler County	Senior Citizen Building	65,000	130,000
Caldwell	Senior Citizen Building	129,950	141,450
Clay County	Handicap Accessibility	99,000	129,000
Denison	Water System	219,850	294,850
DeSoto	Water System	240,000	480,000
Dodge City	Drainage - Storm Sewer	210,000	420,000
Garden City	Drainage - Storm Sewer	375,000	450,000
Geary County	Handicap Accessibility	100,000	125,000
Geuda Springs	Water System	296,907	436,907
Goodland	Housing Rehabilitation	100,000	100,000
Green	Water System	375,000	375,000
Hays	Water System	400,000	480,000
Hillsboro	Water System	75,000	155,000
Horton	Dam Spillway Improvements	400,000	400,000
Junction City	Handicap Accessibility	80,000	120,000
Kiowa County	Handicap Accessibility	159,500	209,500
LaCygne	Gas Line Relocation	50,000	100,000
Labette County	Sewer	400,000	1,111,111
Liberal	Drainage - Storm Sewer	364,858	1,186,800
Moline	Streets	111,800	111,800
Muscotah	Housing Rehabilitation	222,000	236,000
Narka	Streets	395,800	398,800
Osage City	Sewer	200,000	400,000
Ottawa	Sheltered Workshop Building	400,000	537,084
Oxford	Hydro-Electric Plant	400,000	1,077,000
Pittsburg	Housing Rehabilitation	400,000	926,000
Prairie View	Sewer	348,728	428,728
Princeton	Water System	100,000	200,000
Rexford	Streets	224,402	307,400
St. John	Housing Rehabilitation	57,600	105,600
Salina	Downtown Redevelopment	400,000	829,800
Saline County	Handicap Accessibility	123,505	135,505
Sedgwick	Water System	400,000	560,000
Shawnee	Drainage-Storm Sewer	233,000	466,000
Solomon	Water System	270,000	350,000
Sterling	Water System	223,000	373,000
Thayer	Sewer	281,138	481,138
Victoria	Streets	100,000	200,000
TOTAL		\$9,209,038	\$15,204,473

1985 ECONOMIC DEVELOPMENT GRANTS

APPLICANT	PROJECT TYPE	AMOUNT FUNDED	TOTAL PROJECT COST
CHANUTE	BUSINESS FINANCE - RD I	\$ 310,000	\$ 960,000
EMPORIA	BUSINESS FINANCE - RD I	250,000	1,500,000
HAVEN	BUSINESS FINANCE - RD I	70,000	600,000
LUCAS	BUSINESS FINANCE - RD I	280,000	293,000
KANORADO	BUSINESS FINANCE - RD I	400,000	1,730,000
CONCORDIA	BUSINESS FINANCE - RD II	400,000	652,500
LYONS	BUSINESS FINANCE - RD II	101,000	1,201,000
MOLINE	BUSINESS FINANCE - RD II	5,500	54,780
TONGANOXIE	BUSINESS FINANCE - RD II	400,000	721,192
WELLINGTON	BUSINESS FINANCE - RD II	101,000	1,523,500
CHANUTE	BUSINESS FINANCE - RD III	400,000	1,312,750
DORRANCE	BUSINESS FINANCE - RD III	400,000	500,000
EL DORADO	BUSINESS FINANCE - RD III	150,000	1,140,000
EMPORIA	BUSINESS FINANCE - RD III	400,000	2,592,000
HARVEY COUNTY	BUSINESS FINANCE - RD III	60,000	650,000
HESSTON	BF/INFRASTRUCTURE - RD III	73,000	178,297
OSAWATOMIE	BUSINESS FINANCE - RD III	400,000	1,240,533
QUINTER	BUSINESS FINANCE - RD III	355,000	426,090
SALINA	BUSINESS FINANCE - RD III	400,000	928,000
SPEARVILLE	BUSINESS FINANCE - RD III	250,000	1,835,000
TOTAL: 20		\$ 5,205,500	\$ 20,038,642

1985 PLANNING/DISCRETIONARY/SMALL LAKES/URGENT NEED CATEGORIES

APPLICANT	PROJECT TYPE	AMOUNT FUNDED	TOTAL PROJECT COST
NORTON COUNTY	BUSINESS FINANCE-DISCRETIONARY	\$ 400,000	\$ 1,300,000
REPUBLIC COUNTY	BUSINESS FINANCE-DISCRETIONARY	\$ 376,500	\$ 476,500
HUTCHINSON	BUILDING-DISCRETIONARY	400,000	800,000
BOURBON COUNTY	HANDICAP ACCESSIBILITY-DISC	40,000	40,000
KINSLEY	SENIOR CITIZEN CTR-DISCRETIONARY	76,000	96,000
PRESCOTT	STREETS-DISCRETIONARY	42,000	47,000
CARBONDALE	PLANNING	12,562	16,749
EDGERTON	PLANNING	7,500	10,000
LUCAS	PLANNING	15,000	20,000
ONAGA	PLANNING	12,000	15,000
RILEY COUNTY	PLANNING	20,000	27,000
FORT SCOTT	STORM SEWER-URGENT NEED	148,000	156,000
NEMAHA COUNTY	SMALL LAKE	400,000	2,343,142
ALMENA	"POOLED" FUNDS	100,000	146,330
ELWOOD	"POOLED" FUNDS	350,000	450,000

CATEGORY	NUMBER OF PROJECTS	FUNDING AMOUNT	TOTAL PROJECT COST
TOTAL DISCRETIONARY	6	\$ 1,334,500	\$ 2,759,500
TOTAL PLANNING	5	67,062	88,749
TOTAL URGENT NEED	1	148,000	156,000
TOTAL SMALL LAKES	1	400,000	2,343,142
TOTAL "POOLED" FUNDS	2	450,000	596,330
TOTAL COMMUNITY IMPROVEMENT	39	\$ 9,209,038	\$ 15,204,473
TOTAL ECONOMIC DEVELOPMENT	20	\$ 5,205,500	\$ 20,038,642
TOTAL ALL CATEGORIES	74	\$ 16,814,000	\$ 41,186,836

1984 Economic Development Grants

Economic Development grants were divided into three rounds. Approximately \$1.5 million was available in each of the funding periods.

Kansas communities, with populations of 50,000 or less, and counties having potential economic development projects were encouraged to submit applications to KDED during the three funding periods. Technical assistance in packaging and preparing economic development project applications was, and is, available from the Small Cities CDBG Program, KDED, 503 Kansas Ave., Room 201, Topeka, KS 66603. Interested communities should write or call (913) 296-3004 for additional information or assistance.

In the first round, three projects were selected for funding from among the thirty applications received.

The city of Atchison received a grant offer of \$500,000 to complete a \$5.7 funding package which will enable Northwest Pipe and Casing of Kansas, Inc. (NWPC) to locate an expansion plant in Atchison's Shannon Industrial Park. The Atchison expansion plant will provide greater market accessibility to the company's largest distributors and create approximately 150 permanent jobs within eighteen months.

To facilitate the location of a manufactured housing plant to be constructed in their Airport Industrial Park by a joint-venture partnership between the J.C. Nichols Company and Marley Continental Homes of Kansas, Osage City has received a grant offer of \$495,000 to be used for extending water and sewer services to the selected site. The new facility, will create approximately 180 permanent jobs within eighteen months and will leverage \$7 million in private sector investment.

The city of Spring Hill received a grant offer of \$500,000 to complete a \$3.5 million package to enable Birdview Satellite Communications, Inc. to locate a manufacturing facility in the city's new industrial park. Birdview, a high tech firm which designs and manufactures satellite receiving stations and related apparatus, has committed to create 500 permanent jobs within eighteen months.

Five projects were selected for funding from among thirty-two second round applications providing supplemental financing for business expansion in four communities and infrastructure improvements in a central business district.

The city of Chanute received a grant offer of \$303,000 to complete a \$603,000 loan package to enable Hi-Lo Table Manufacturing, Inc. of Chanute to expand business activities. Hi-Lo Table, which produces and sells interior fixtures to manufacturers of larger recreational vehicle units, has committed to the creation of 150 permanent jobs within eighteen months.

Fort Scott's \$460,000 grant will complete a \$5,460,000 package for location of a major manufacturing plant in their industrial park. Dayco Corporation of Dayton, Ohio, which manufactures rubber and plastic component parts, has committed to repay the loan proceeds to the city of Fort Scott and create 164 permanent jobs within eighteen months.

The city of Hesston received a grant offer of \$150,000 to complete a \$661,500 funding package for The Job Shop, a local manufacturer of waste containers and trash compactors. Proceeds of the loan to the Job Shop will be utilized for facility expansion that will enable the business to create 50 permanent jobs and retain six existing positions.

The city of Mankato has also received a funding offer to complete a \$697,400 loan package for rehabilitation and expansion of a local manufacturing concern. Dubuque Packing Company, a major employer in Jewell County, will receive a \$500,000 loan from the city which will enable the firm to retain 101 current employees and create 25 additional permanent positions within eighteen months.

To facilitate the renovation of two historic commercial structures in the central business district, the city of Newton has received a grant offer of \$240,000 to reduce the interest rate on special assessment bonds for site improvements. The interest rate reduction will stimulate approximately \$2 million in additional private investment and the creation of 164 permanent jobs.

Sixteen applications were received for consideration in the third round. Five projects were selected for funding from among sixteen applications, providing supplemental financing for business expansions in four communities and infrastructure improvements to support the expansion of a major distribution facility in one community.

The city of Ottawa received a grant offer of \$125,000 to assist a local developer in financing the renovation of the central business district's North American Hotel. Upon completion, the Hotel will accommodate a restaurant, commercial offices, and thirty-eight housing units. The project utilizes \$1.725 million in additional private/public investments and will create 40 permanent jobs within eighteen months.

To support the location and expansion of a major distribution facility in a new industrial area, Dodge City has received a grant offer of \$398,041 for extending water to and constructing a sewer lagoon system on the selected site. The new facility will be constructed by Chaffin, Inc., a local corporation which operates thirty Gibson Discount Centers in six states. The project will trigger \$4.5 million in private sector investment and will create and retain 81 jobs in an eighteen month period.

The city of Pittsburg received a grant offer of \$400,000 to complete a \$4.2 million package for the expansion of DYCO, Inc., a local producer of heat sensitive letters and transfers. The proposed project will enable DYCO to expand their operations to include the manufacturers of tee-shirts and will result in the creation of 115 new jobs in an eighteen month period.

To assist a local industry in expanding production, South Hutchinson received a grant offer of \$100,000 to complete a \$500,000 loan package to finance building and equipment costs. BREMCO Industries, Inc., a metal fabrication company which designs, manufactures and sells production and storage equipment for oil and gas wells, has committed to the creation of 25 additional jobs within eighteen months.

The city of Neodesha received a grant offer of \$305,000 to complete a \$805,000 loan package for the expansion of Southeast Manufacturing Company, Inc. The proposed project will enable the company, principally a manufacturer of farm and landscaping equipment, to create an additional 100 jobs within a eighteen month period.

1984 Community Improvement Grants

Forty-three applications totaling \$10.2 million were funded from among applications with requests in excess of 76.5 million dollars. Forty-two percent of the projects were water system repair, replacement, or expansion; and 19.8 percent for renovation or construction of community buildings. There were 60 applications (20.5%) which requested private housing rehabilitation, as either separate projects or combined with public facility projects.

Applicants are to be congratulated upon the competitiveness of the submissions which is demonstrated by the fact that over 70% of the applications received between 450 and 600 rating points.

Applicant	Project Type	Funding Amount	Total Project Cost
Abilene	Streets & Housing	264,500	314,500
Allen Co.	Handicapped Acces.	108,790	108,709
Altoona	Water System	179,700	179,700
Arcadia	Water System	428,420	428,420
Atchison	Water System	500,000	750,000
Cawker City	Streets	31,000	43,000
Cedar Vale	Sewage System	142,594	274,165
Chetopa	Erosion-River Bank	280,000	280,000
Columbus	Housing Rehab	183,000	183,000
Council Grove	Water System	445,275	495,275
Dexter	Water System	40,000	70,000
El Dorado	Water System	350,000	1,257,000
Elk City	Water System	103,600	115,600
Formoso	Water System	89,700	92,000
Grainfield	Streets	67,000	77,000
Grenola	Water & Housing	364,500	581,000
Howard	Water System	490,000	1,100,000
Hutchinson	Streets & Housing	497,240	1,262,610
La Cygne	Water System	275,000	603,100
Leoti	Water & Housing	67,500	107,500
Lindsborg	Water System	490,000	910,000
Longton	Water System	478,200	509,200
Marion	Sewage System	486,000	504,000
Mayetta	Water & Housing	283,000	388,000
McDonald	Sewage System	453,875	453,875
Mulvane	Streets	21,000	41,000
Muscotah	Water Systems	67,000	67,500
Osawatomie	Community Bldg. & Housing Rehab	499,400	544,400
Ottawa	Storm Sewer & Housing	169,990	307,391
Pittsburg	Streets & Housing	500,000	746,328
Plains	Water System	140,000	185,000
Pottawatomie County	Senior Center	188,400	260,000
Riley County	Handicapped Acces.	40,000	120,000
Scammon	Water & Housing	223,485	228,485
Severy	Water System	149,000	249,000
St. George	Water System	136,000	136,000
Syracuse	Housing & Water	170,000	230,000
Treece	Streets & Housing	283,764	335,264
Tribune	Community Building	75,000	96,000
Uniontown	Housing	133,500	153,500
Wakeeney	Streets & Housing	71,400	135,000
Wallace	Water System	36,000	42,000
Willis	Water System	226,500	226,500
		TOTAL \$10,229,333	\$15,191,022

STATE DISCRETIONARY FUND

Ten percent of the Federal grant has been set-aside as the State discretionary fund for planning/technical assistance grants and urgent need/contingency grants.

Under the planning/technical assistance program KDED received 34 planning grant applications, with funding requests totaling \$582,000. Each applicant community committed a minimum of 25% of local matching funds to their projects. The ten planning grant offers totaling \$163,700 (1% of the Small Cities FY 1984 allocation) were as follows:

Burrton	\$ 7,500
Geary County	\$19,287
Meade	\$19,288
Scranton	\$11,475
Haviland	\$19,288
Elwood	\$19,288
Parsons	\$15,000
Independence	\$19,287
Holton	\$14,000
Virgil	\$19,287

Projects activities included in the grant awards were:

Comprehensive community development plans for Burrton, Elwood, Holton, and Meade; technical assistance for economic development projects in Geary County, Haviland (a nine county area), and Virgil; a flood control/drainage study for Parsons and Scranton; a public facilities plan for Scranton; and a water distribution study for Independence.

In the State Discretionary Fund, provision is made for imminent threat grants to meet certain community development needs that have a particular urgency because conditions pose a serious and immediate threat to the health and welfare of the community. (Examples are natural disasters, contaminated water supplies, etc.) Under this provision, grants have been awarded as follows:

Applicant	Project	Funding Amount
Denison	Gas line - Flood Damage	\$ 80,000
Effingham	Emergency Coordination Assistance - Tornado	\$ 4,600
Effingham	Housing Rehab - Tornado	<u>\$ 86,250</u>
TOTAL		\$170,850

A State Discretionary set-aside was established as a compliment to the Hazardous Waste Control Program. These grants will be administered by the Small Cities Program in cooperation with the Department of Health and Environment for technical oversight and assistance.

Under this program, eight grant offers have been made to six communities and two counties for projects designed to determine if past activities at landfill sites have adversely affected the site and groundwater adjacent to the site. The offers were made as follows:

Chanute	\$27,000
El Dorado	\$35,000
Ellis	\$30,650
Fort Scott	\$40,220
Marysville	\$20,000
Miltonvale	\$28,500
Reno County	\$35,200
Shawnee County	\$43,350

In the State Discretionary Fund, provision was also made for contingency grants which meet special, unusual, or pressing community needs that were not addressed by the community improvement and/or economic development selection system or which demonstrate creative approaches that may serve as a model for other communities within the State. All grants must primarily benefit low and moderate income persons. Under this provision, five grants have been awarded to the following community and counties:

Applicant	Project	Funding Amount	Total Project Cost
Burr Oak	Water System	\$130,000	\$130,000
Ford	Water System	\$160,000	\$160,000
Greenwood Co.	Streets	\$264,640	\$556,280
Lebo	Gas System	\$125,000	\$250,000
Quenemo	Community Bldg.	<u>\$ 75,000</u>	<u>\$ 80,000</u>
TOTAL		\$754,840	\$1,176,280

COMPARISON OF 1985 COMMUNITY
IMPROVEMENT GRANTS TO 1984

	1984	1985
Total Number of Applications Submitted	292	212
Total Number of Applications Rated and Ranked	267	160
Total Number of Applications Not Meeting Threshold	25	52
Total Number of Approved Applications	43	39
Total Funding Amount	\$10,229,333	\$ 9,209,038
Total Project Cost	\$15,191,022	\$15,204,473
Leverage Ratio	2 to 3	3 to 5

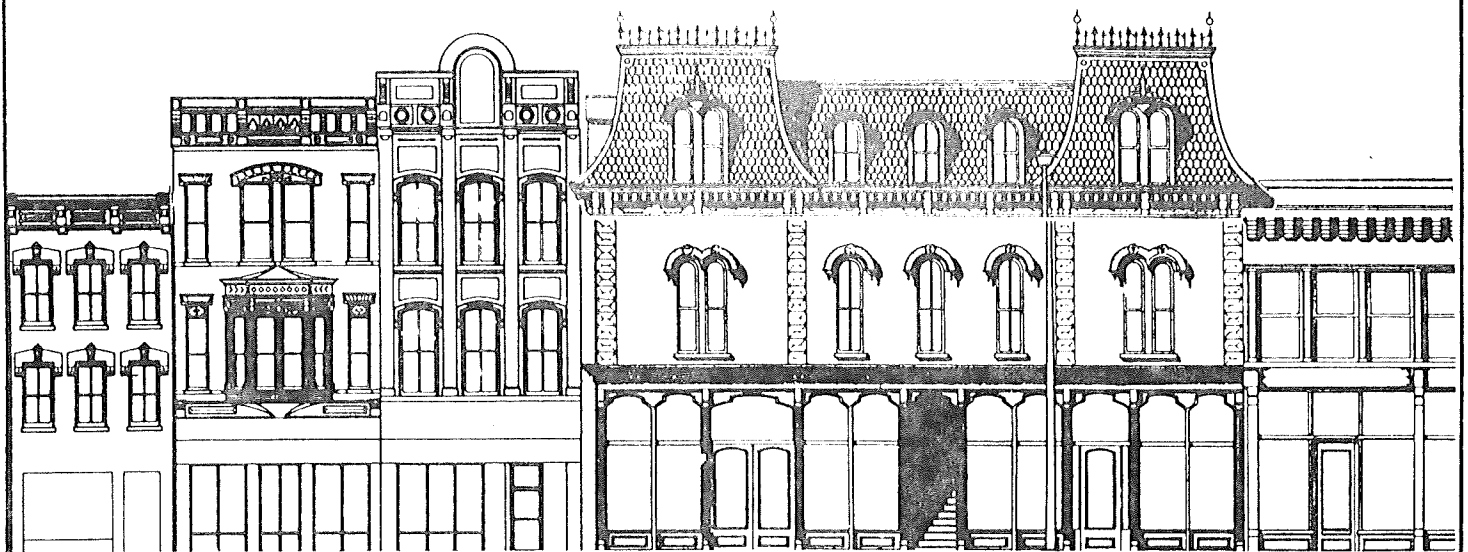
The Cities of LaCygne, Muscotah, Ottawa and Pittsburg were funded in 1984 and 1985.

	Number of Projects	Dollars
1984	43	\$10.2 Million
1985	39	\$ 9.2 Million

Average Grant Size: 1984 - \$237,209
 Average Grant Size: 1985 - \$235,897

KDED
 Small Cities Program
 August 27, 1985

1985
NATIONAL
MAIN STREET
PROPOSAL
FOR
KANSAS



The Governor's Message

Responding to enthusiasm for downtown revitalization in communities across the state and requests for increased assistance, Governor John Carlin, in his legislative message, proposed that Kansas join other states across the nation in subscribing to the National Main Street Center program to enhance the economic vitality of our central business districts.

This major boost to cities' downtown revitalization efforts offers an exciting new dimension to improvement of the community's central focal point. Documented program results in over 100 cities include increased retail sales, business start-ups, investment in new construction and building rehabilitation and community pride. Also important for communities is the potential for attracting visitors, creating the aura of a thriving progressive community and improving that first and lasting impression.

The new program provides the opportunity for businesses, foundations, and individuals throughout the state to join in partnership in this effort. Governor Carlin has called for one-half of the \$80,000 cost to be raised from private sources because past experience has proven that programs are more effective when the investment is shared by the public and private sectors.

What is the Main Street Approach?

The Main Street approach is a combined process that builds on the idea of the downtown's total image and not just the physical image though that's the most visible part. The approach builds on less tangible aspects, too: How people feel about the downtown and how they can work together to improve and maintain it. Four elements contribute to the total image; each receives careful attention under the Main Street approach:

Organization. Establishing a consensus and cooperation by building partnerships that will allow the development of a consistent revitalization and advocacy of the downtown. Diverse groups -- bankers, city government, merchants, the chamber of commerce, civic groups and individual citizens -- must work together to improve the downtown.

Promotion. Creating a positive image of the business district will promote and advertise the downtown as an exciting community stage, a meeting place and a gathering place filled with activity, lively stores, quality service and community focus.

Design. Enhancing the visual quality of the downtown: buildings, storefronts, signs, window displays, landscaping and environment, "people places" and physical elements.

Economic Restructuring. Diversifying the existing downtown economy -- filling gaps by recruiting new stores to provide a balanced retail mix, converting unused space into apartments or offices and improving the competitiveness of Main Street's traditional merchants.

What is the National Main Street Center?

The National Main Street Center is a human resource and technical reference center established by the National Trust for Historic Preservation to stimulate economic development within the context of historic preservation. In response to a growing concern that traditional preservation methods were not suitable for widespread application in older commercial areas, the National Trust launched a pilot program in 1977 to develop a comprehensive strategy for economic revitalization that would emphasize Main Street's existing and historic assets. Three midwestern towns, representing a wide range of problems, were competitively selected for intensive analysis and hands-on assistance. Three years of on-site involvement in all aspects of revitalization in these community laboratories created the Main Street approach.

The National Main Street Center was established by the National Trust in 1980 to make the lessons of the pilot program more widely available to states and towns searching for effective and affordable solutions to the problems in their older central business districts. The program was expanded to encompass networks of towns in six states: Colorado, Georgia, Massachusetts, North Carolina, Pennsylvania and Texas. Starting with 30 communities in 1980, this network has grown to include over 100 small cities and towns. In 1983-84, eight more states started similar networks with training and technical assistance provided by the National Main Street programs based on the Trust's model.

Why contract with the National Main Street Center?

"The National Main Street Center's goal is to help the downtowns of America's many smaller communities return to life by creating effective public/private partnerships that use existing resources more productively."

The Center's approach requires a downtown project manager to orchestrate the local effort and to serve as downtown's advocate. Main Street must adopt a management perspective, much the same as a shopping center. Through the pilot cities, three years of assisting states to build capacity in downtown revitalization and a network of 163 cities, the Center has demonstrated the effectiveness of their four-point approach when directed by a full-time manager. Built into their "manager" approach is the local capacity to continually produce dramatic and lasting results at a modest cost to the cities.

For example, in Colorado the following results were monitored in their five project cities after three years:

<u>Activity</u>	<u>Total</u>
Business Starts	310
Business Failures	155
Number of Facade Changes	71
Number of Substantial Rehabs	95
Dollar Amount of Rehabs	\$4.7m
Number of New Constructions	14
Dollar Amount of New Construction	\$19.8m
Total Reinvestment in Downtowns	\$24.5m

Both the reinvestment statistics and business starts translate into NEW JOBS and a POSITIVE OUTLOOK toward investment in the central business districts. This demonstration of confidence in the downtowns is a valid test of the Center's approach, especially during the national economic slump when the above reinvestment occurred.

What can the National Main Street Center do for Kansas?

1. While the Kansas Main Street Program utilizes some of the National Main Street techniques, its original focus was on design, not development. (The National Center program will bring new focus on development and implementation to downtown revitalization in Kansas.)
2. The National Main Street Center has the capacity to set into motion the resources, with appropriate materials already developed, to train new downtown project managers and to assist with organization in the project cities. Presently the Kansas Main Street Program does not have this capacity.
3. The National Trust has the prestige to emphasize quality and accelerate performance. They have the drawing power to attract participants (developers, investors, philanthropists, and consultants, both public and private).
4. Since the Kansas Main Street Program will continue to provide assistance to non-selected cities, total activity in downtown revitalization activity in Kansas will be significantly increased.
5. The National Main Street Center will add necessary elements to enhance the downtown revitalization efforts including the project manager, an emphasis on managing downtown like a shopping center, and viewing revitalization as more than just physical improvements. The transition to include these implementation techniques in the Kansas Program will be facilitated by the example of the National Main Street Project.
6. Designation as a National Main Street State will provide Kansas side benefits. Primary ones include:
 - Providing greater assistance to more communities so they can prepare for and create development opportunities rather than react to demands of developers;
 - Providing indirect technical assistance to all Kansas communities; and
 - Preserving the character of Kansas communities.

NATIONAL MAIN STREET CENTER
STATE DEMONSTRATION:
PROGRESS IN 29 TOWNS AFTER THREE YEARS

COLORADO		Delta	Durango	Grand Junction	Manitou Springs	Sterling
	Population		4,000	11,400	28,000	5,000	13,000
Facade Changes		10	20	14	18	9
Number of Rehabilitation Projects		17	28	19	14	17
Number of New Construction Projects		5	0	7	0	2
Business Starts		41	166	47	31	22
Failures		20	29	41	10	5
Cost of Rehabilitation Projects		\$152,400	\$3,217,600	\$296,500	\$193,000	\$823,000
Cost of New Construction		\$1,819,127	0	\$13,250,000	0	\$23,000
Total Reinvestment		\$1,971,887	\$3,217,600	\$13,546,500	\$193,000	\$850,000

GEORGIA		Athens	LaGrange	Rome	Thomasville	Waycross
	Population		44,000	25,000	29,000	18,500	20,000
Facade Changes		24	17	6	20	43
Number of Rehabilitation Projects		27	20	12	25	50
Number of New Construction Projects		3	13	0	2	2
Business Starts		35	30	45	31	51
Failures		7	22	14	14	35
Cost of Rehabilitation Projects		\$3,941,000	\$2,499,996	\$388,900	\$337,100	\$1,500,000
Cost of New Construction		\$5,900,000	\$9,988,500	0	\$3,663,000	\$385,000
Total Reinvestment		\$9,841,000	\$12,488,496	\$388,900	\$4,020,100	\$1,885,000

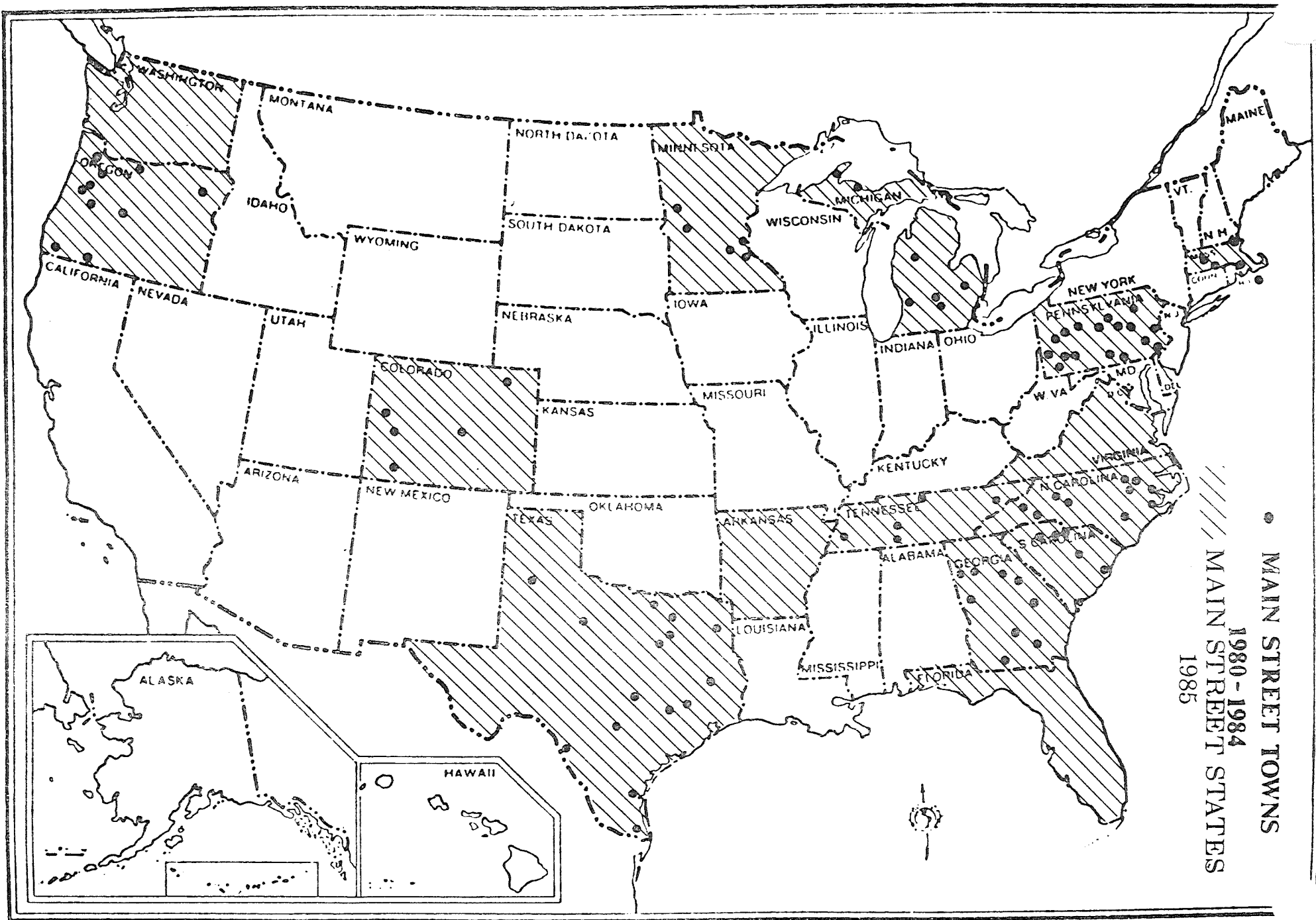
MASSACHUSETTS		Amesbury	Northampton	Southbridge	Taunton	Edgartown
	Population		14,000	29,000	16,500	42,000	2,500
Facade Changes		38	14	11	35	9
Number of Rehabilitation Projects		4	14	9	8	n.a.
Number of New Construction Projects		2	0	0	5	0
Business Starts		27	32	9	30	19
Failures		10	11	3	26	n.a.
Cost of Rehabilitation Projects		\$1,907,850	\$11,464,750	\$6,637,100	\$2,802,500	\$3,545,000
Cost of New Construction		\$700,000	n.a.	n.a.	\$12,530,000	n.a.
Total Reinvestment		\$2,607,850	\$11,464,750	\$6,637,100	\$15,332,500	\$3,545,000

NORTH CAROLINA		New Bern	Salsbury	Shelby	Tarboro	Washington
	Population		15,000	20,000	17,000	10,000	9,000
Facade Changes		15	20	26	31	14
Number of Rehabilitation Projects		15	21	25	20	14
Number of New Construction Projects		4	2	5	3	1
Business Starts		31	51	58	24	25
Failures		7	49	30	18	15
Cost of Rehabilitation Projects		\$2,200,000	\$3,748,000	\$2,403,000	\$236,000	\$403,648
Cost of New Construction		\$6,700,000	\$1,380,000	\$930,000	\$15,000,000	\$79,000
Total Reinvestment		\$8,900,000	\$5,128,000	\$3,333,000	\$15,236,000	\$482,648

PENNSYLVANIA		Easton	Jim Thorpe	Uniontown	Williamsport
	Population		28,000	5,000	15,000	31,000
Facade Changes		52	18	5	19
Number of Rehabilitation Projects		34	4	11	21
Number of New Construction Projects		3	1	0	2
Business Starts		42	8	14	24
Failures		9	3	3	3
Cost of Rehabilitation Projects		\$1,537,255	\$815,000	\$841,000	\$3,019,000
Cost of New Construction		\$435,000	\$400,000	0	\$5,050,000
Total Reinvestment		\$1,972,255	\$1,215,000	\$841,000	\$8,069,000

TEXAS		Georgetown	Hillsboro	Navasota	Plainview	Seguin
	Population		12,000	7,300	6,000	23,000	18,000
Facade Changes		39	52	34	22	23
Number of Rehabilitation Projects		39	16	34	22	23
Number of New Construction Projects		1	2	1	1	2
Business Starts		31	48	19	18	39
Failures		10	26	12	5	17
Cost of Rehabilitation Projects		\$1,914,500	\$1,321,000	\$704,800	\$644,500	\$2,406,800
Cost of New Construction		\$1,300,000	\$1,550,000	\$1,600,000	\$200,000	\$1,086,000
Total Reinvestment		\$3,414,500	\$2,871,000	\$2,304,800	\$844,500	\$3,492,800

TOTALS		
	Facade Changes		658
Number of Rehabilitation Projects		589
Number of New Construction Projects		69
Business Starts		1051
Failures		504
Cost of Rehabilitation Projects		\$63,975,259
Cost of New Construction		\$84,190,927
Total Reinvestment		\$148,166,186



The National Main Street Proposal for Kansas

The National Main Street Center's approach to downtown revitalization capitalizes on the historical and physical setting of older downtown areas while utilizing many of the management techniques of shopping malls. The proposed Main Street program for Kansas will be patterned after the successful national model.

Presently, the existing Kansas Main Street program does not impose the project manager requirement for participating cities. Additionally, the research and goal formulation phases are formalized which require extensive staff and volunteer time for field work, reporting, graphics, and committee review. The process is lengthy and many communities remain on the waiting list for assistance.

Under a contract with the National Main Street Center, the Main Street program in participating Kansas towns will be a cooperative effort between the local government and a business association or downtown development authority. It will be a local responsibility to provide funds and facilities for the downtown manager, a full-time employee who will coordinate revitalization efforts. While it is sometimes useful and necessary for the downtown manager to be hired by local governments, it is preferable to move the position and funding responsibility to the private sector -- a business association or downtown authority. In addition to the full-time manager, the town will pay for an office, operating expenses, and secretarial support. Cities of over 25,000 population should also consider providing a promotions coordinator to work with the project manager on at least a part-time basis. In order to qualify for selection in the proposed Kansas Main Street Program, towns must guarantee adequate financing for the downtown manager position and support staff for at least three years.

Due to their small populations a full-time project manager may not be feasible in approximately 150 cities in Kansas. However, there may be adequate support for a part-time manager. For cities under 5,000 population, we propose a demonstration project that would include two cities from non-competing trade areas. These two cities would share the services of one full-time project manager.

First year selected cities will include four cities of populations between approximately 5,000 and 50,000 that will have full-time project managers and two cities of populations

under 5,000 sharing one project manager. It is intended that once a community becomes involved in the program that the downtown project manager approach would continue, much the same as a shopping center management program.

For each participating city there will be a local advisory committee appointed to provide ongoing support for the downtown manager and to serve as a policy board. The committee should include merchants and property owners, elected officials, the chamber of commerce, local government officials, financial institutions, and professionals who have offices downtown.

In addition to funding project management, other criteria for selection as a Main Street City will include:

- a. Economic capacity for change and improvement;
- b. A proven track record in project development and administration;
- c. A strong interest and commitment to revitalizing the central business district by both private and governmental sectors;
- d. Historical and architectural quality of downtown and a commitment to preservation; and
- e. An existing or potential retail market.

Main Street towns will be selected through a competitive application process conducted by the Kansas Department of Economic Development. Several cities have already expressed interest in the proposed Kansas Main Street Program.

KDED, with the assistance of the State Historical Society, will carry out the state's responsibilities for the proposed program. The cooperative effort between these two agencies is a significant one. The Main Street approach offers a unique means for combined efforts in the state's economic development and historic preservation.

National Main Street Program

Benefits for Kansas

- Attracts national recognition which may enhance recruitment of businesses and industries;
- Provides greater assistance to more communities so they can prepare for and create development opportunities rather than react to demands of developers;
- Increases KDED staff capacity to enable better technical assistance to other Kansas communities;
- Provides indirect technical assistance to all Kansas communities; and
- Helps to preserve the character of Kansas communities.

National Main Street Program

Benefits for Kansas Cities

- Participating as a Main Street city will potentially attract new business and industrial development;
- Providing a single point of contact for investors, developers and businesses desiring to expand or relocate to the downtown area;
- Strengthening the relationship between the merchants downtown and the local government;
- Increasing property tax base for downtown and revenue for the city;
- Rehabilitating downtown buildings reduces the public cost of utility service by utilization of existing systems;
- Retaining the historic position of the downtown as the focal point of community pride and identity;
- Strengthening the intended function of downtown as the center of commercial activity for the trade area;
- Encouraging merchants to invest in improving the quality and services that downtown has traditionally provided;
- Enhancing the local job market because rehabilitation construction is labor intensive;
- Removing the need for extending infrastructure to proposed outlying shopping centers;
- Increasing citizen participation in community affairs; and
- Boosting local morale by increasing enthusiasm for development.

Who Provides What?

There are responsibilities for the city, the state, and for the private sector (merchants, downtown organizations, bankers, foundations, utility companies, etc.).

THE COMMUNITY

- A downtown that has sufficient historic buildings to become a foundation for an enhanced image; and
- A demonstrated commitment of both public and private sector leaders, particularly the business community to downtown revitalization including significant financial commitment for needed improvements.

Governing Body:

- a. A local committee to provide ongoing organization, policy direction, and long term budgeting; and
- b. Assist with financing a project manager.

Local Merchant and Downtown Organizations:

- a. A cooperative attitude toward trying different ideas which will indicate to trade area residents that downtown is changing and becoming more attuned to customers' needs and expectations; and
- b. Funding a full-time professional project manager with an operating budget for at least 3 years and the intention of continuing the use of Main Street's four point approach.

THE STATE

- A full-time state coordinator commitment for 1 year with at least a 3 year intent to continue the program;
- Selection of 5 cities that will provide a local, full-time project manager for 3 years. (The National Main Street Center will consider a demonstration study by modifying the criteria that would substitute two smaller, non-competing cities sharing one project manager.);
- A clear commitment to and understanding of interagency cooperation and outreach to the private sector; and
- A contract with the National Main Street Center for one year of training and service for \$80,000. One-half of the cost is to be provided with state funds.

BUSINESSES, FOUNDATIONS AND INDIVIDUALS

- A willingness to risk some investment, within reason, and to encourage confidence in downtown reinvestment; and
- One-half of the National Main Street Center contract will be provided by contributions from the private sector.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

Technical Assistance for Downtown Revitalization in 1986

Throughout Kansas there is a growing interest in improving the appearance, vitality, and economic stability of downtown business districts. For many communities, Main Streets are in a state of decline and the issues of decreasing population, loss of business, and maintaining the economic strength of downtowns are crucial to the survival of our cities.

The Kansas Main Street Program focuses on downtown revitalization because downtown provides a significant amount of jobs and income for local residents, provides a net tax revenue that supports local government services received by other parts of the community, and acts as the focal point for not only commercial, but social and cultural aspects of community life.

Downtown is important to the well-being of a community for other reasons as well. First, downtown is one of the oldest areas of the community and contains many structures of importance to the community's heritage. Second, downtown encompasses an area of substantial public and private capital investment in buildings, streets, utilities, and parks. Third, downtown's central location makes it convenient; time, energy, and money are conserved in getting there. Finally, and perhaps most important, downtown is an expression of what a community thinks of itself. It is the primary source of a community's identity and pride. Thus, by enhancing the image of downtown, a community can improve its chances of maintaining a healthy economic and social base that will continue to grow and prosper.

Well planned and faithfully executed downtown revitalization programs can

- result in increased sales,
- accomplish significant revitalization within the financial means of the community,
- bring together community leadership: governmental, financial, commercial, and organizational,
- act as a catalyst for the initiation of other economic development activities, and
- result in the preservation of significant historical structures.

The Kansas Main Street Program follows the Four Point Approach developed by the National Main Street Center, a division of the National Trust for Historic Preservation, in recognizing that successful downtown revitalization includes a comprehensive approach to management and organization, the promotion of the downtown district as a unit, the economic restructuring of vacant or under-utilized buildings, and attention to the physical design and maintenance needs of the district.

The National Main Street Center Methodology advocates:

- 1) A comprehensive approach to downtown revitalization, unlike such past efforts as urban renewal, pedestrian malls, facade cover-ups, or a major development project;

- 2) An incremental process, recognizing that just as downtowns didn't decline overnight, neither will they be revitalized immediately. Downtown revitalization requires a step-by-step process;
- 3) A self-help program. The basic ingredients for any successful downtown improvement program include effective local leadership and community interest and support. Self-help requires a willingness and commitment by the community to shape its own destiny. If a community lacks that desire, no amount of federal money or outside technical assistance will create a lasting improvement;
- 4) A public/private partnership between merchants, building owners, local governments, lending institutions, and organizations;
- 5) The use of existing assets already developed within the downtown;
- 6) Quality in all aspects of the process -- from workmanship and building materials to promotional efforts and organization;
- 7) The need to change attitudes about the downtown; and
- 8) An implementation-oriented approach to downtown revitalization.

The Kansas Main Street Program

In response to requests for downtown assistance from communities throughout the state, the Kansas Main Street Program was created in 1980 through the Kansas Department of Economic Development. This program provides direct technical assistance to communities in developing strategies for downtown revitalization. The program does not provide funds for actual development. No cash commitment is required of the community, but in-kind assistance (office space, staff time, limited photocopying, etc.) is often necessary.

Resource teams from KDED work together with the local Main Street committee, Chamber of Commerce, city officials, merchants, property owners, civic groups, and others to develop revitalization strategies which utilize an incremental self-help approach. Resource teams are typically composed of KDED staff and volunteer "consultants" from other communities or certified development corporations in the state. Team members are professionals that bring a broad range of practical experience to the Resource Team which enables them to evaluate fairly the needs of the client communities and develop realistic, achievable recommendations for the future.

The Resource Team spends approximately four to five days in a community, interviewing various groups and developing revitalization strategies that are the direct result of community input and compatible with local resources. When the strategies have been developed by the Team, an oral presentation is made to the community at a public meeting. Following the presentation, the Team meets with the downtown leadership to prioritize the recommendations, answer questions, and assist the leadership in organizing their implementation efforts.

The Team then prepares a written report, which summarizes the recommendations in greater detail and can include limited graphics of the physical improvements to occur in the downtown.

Kansas Main Street Program projects completed:

Fort Scott
Goodland
Marion
McPherson
Norton
Sabetha
Scott City
Valley Center
WaKeeney
Winfield

Kansas Main Street Program projects in process:

Columbus
Hiawatha
Dodge City
Smith Center
Parsons

Main Street Program applications on file:

Atwood
Eureka
Haviland
Hoisington
Kingman
Oakley
Russell
Stockton

The Kansas Main Street Project

In 1985, Kansas executed a contract with the National Main Street Center (NMSC), a division of the National Trust for Historic Preservation, to initiate the Kansas Main Street Project. This program provides direct technical assistance and training by the NMSC staff to five selected Kansas communities, with training to begin in January of 1986. The National Main Street Center requires that each of the communities selected hire a full-time downtown project manager.

A goal of Main Street is to help create an atmosphere conducive for attracting re-investment and new investment into downtown. This is accomplished by implementing a balanced, comprehensive revitalization program with the guidance of the project manager.

In July, 1985, the Main Street Project was announced and applications distributed to interested communities. Criteria for cities to apply included: 1) have a population generally between 5,000 and 50,000 (smaller cities from non-competing trade areas could jointly apply); 2) demonstrate a strong community commitment to the National Main Street's four point approach; and 3) make a commitment to hire and fund a full-time Main Street project manager and program for at least one year (three years are preferred). Thirteen cities responded by submitting applications.

In November, 1985 a reconnaissance visit was made into each of the five cities. During the visit the initial organization in each city was reviewed with specific needs identified for training and resource team personnel.

The cities are presently involved in reviewing applications for project managers and will soon have them on staff.

Training for the Board of Directors and their manager from each city will be conducted during February, 1986 in Topeka.

Resource teams of volunteer consultants to the National Main Street Center assist by identifying the issues facing each downtown. Each team is tailored to address the unique challenges found in each city. Their recommendations will be presented to each community and a report will document them for future implementation. Team visits into each city will be scheduled during the spring.

Quarterly meetings with the project managers will continue the training and build an information network. As more communities are selected the information network expands, thus providing an informal but effective resource of Kansans helping Kansans. In addition, a monitoring system will be established which will consistently gather results of the project.

Near the end of the contract period the National Main Street Center will conduct an evaluation of each community's Main Street Project.

Cities attending the application workshop were:

Chanute	Kiowa
Council Grove	Lawrence
Dodge City	Lindsborg
Emporia	Manhattan
Ft. Scott	Ottawa
Hutchinson	Parsons
Independence	Salina
Junction City	Winfield
	Yates Center

Cities completing applications were:

Chanute	Junction City
Council Grove	Lawrence
Dodge City	Manhattan
Ft. Scott	Parsons
Hutchinson	Salina
Independence	Winfield
	Yates Center

Cities selected were:

Hutchinson
Independence
Lawrence
Manhattan
Winfield



KANSAS MAIN STREETS: COMING ALIVE IN '85
KANSAS MAIN STREET CONFERENCE

October 20-22, 1985

Salina Bicentennial Center, Salina, Kansas

Co-Sponsored by the Kansas Downtown Development Association and the Kansas Department of Economic Development

Sunday-October 20

- | | |
|---------------|--|
| 2:00- 4:00 pm | Registration at the Bicentennial Center. |
| 4:00- 5:30 pm | Team Tournament in Kenwood Park across the street from the Bicentennial Center (Horseshoes, volleyball and other activities in casual attire). |
| 5:30- 8:00 pm | Barbeque in Kenwood Park. |

Monday-October 21

- | | |
|----------------|---|
| 8:00- 9:00 am | Registration at the Bicentennial Center. |
| 9:00 am | Opening Remarks. Merle Hodges M.D., Mayor; Charles J. Schwartz, Sec. KDED and Phil Ray, President of KDDA. |
| 9:15-10:15 am | Introducing MAIN STREET, Scott Gerloff, Director, National Main Street Center. |
| 10:15-10:30 am | Break |
| 10:30-11:45 am | Communicating Your Downtown Message, Anice Read, Director, Texas Main Street Project. |
| 12:00- 1:00 pm | Luncheon with Salina Rotary Club, hosts. Scott Gerloff, Speaker |
| 1:15- 3:30 pm | The Development Process: Putting the Pieces Together, Dana Crawford, developer and consultant for the National Trust for Historic Preservation. |
| 4:00 pm | Arrive at Salina Chamber of Commerce office to begin the Treats and Treasure Hunt in downtown Salina. |
| Dinner | On Your Own. |
| 7:00- 9:00 pm | Team Tournament Competition (continued) at the Corner Fun Center (Casual attire)*** |

Tuesday-October 22

- | | |
|----------------|--|
| 9:00-10:00 am | Promoting downtown . . . and Having Fun Too, Maggie Chamberlin (President of Wichita's Updowntowners) and Hugh Nicks (Wichita Chamber of Commerce). |
| 10:00-10:15 am | Break |
| 10:15-11:45 am | Visual Quality and Historic Integrity Downtown, Rick Watson, WBBA architects, Wichita. |
| 11:45- 1:30 pm | Annual Meeting—Kansas Downtown Development Association. (Lunch) |
| 1:30- 2:45 pm | Dollars and Sense: Making Your Development Project Work, Bruce Frazey, Attorney and CPA, Wichita. |
| 3:00- 4:00 pm | Reception with Lt. Governor Thomas R. Docking. Announcement of five Kansas Main Street Project Cities—1986. Also presentation of awards and certificates. Trophies will be presented to Team Tournament winners. |
| 4:00 p.m. | Adjournment |

***Business cards will be requested at registration. Laminated luggage tags will be provided, courtesy of Salina, and used as the "entry ticket" for Monday night events.

Carole D. Egle

Outline of Functions

Community Development Division
Kansas Department of Economic Development
1985-86

Responsibility to advise, confer, cooperate with and assist local governments, planning commissions, agencies, officials, civic and other groups and citizens in matters relating to the purposes of the department and to encourage the development of comprehensive community planning programs; to receive, administer and utilize grants from federal or other public or private sources made available for the purposes of the department.

Responsibility carried out in seven program areas:

Community Technical Assistance

Tourism Promotion Assessments - 6 completed, 1 in process
Economic Development Assessments - 3 completed, 1 scheduled
Community Surveys - 2 completed, 4 in process, 1 scheduled
Labor Shed Analysis - automated; on demand
Miscellaneous requests for assistance (BID's, Tax Increment Financing, Leadership Development, etc)

Main Street Program

Program of technical assistance to communities seeking to revitalize their downtown retail centers. Comprehensive four point approach includes organization, promotion, design and economic restructuring.

Main Street City Project - NMSC technical assistance to 5 cities, Hutchinson, Lawrence, Winfield, Manhattan, Independence with state coordinator. Includes assessment, resource team, project manager training, downtown revitalization committee training, work program development and year end evaluation. Seventeen cities took applications, 13 applied for program.

Results in other states have included \$ million in reinvestment and reconstruction, increased retail sales, business startups.

Technical Assistance program patterned after NMS approach: 4 member team of staff and volunteers, 4 days in community with presentation, written report. Twelve projects will be done this year -- two teams at work; using staff and volunteers throughout the state. Fifteen applications on file.

Numerous presentations about Main Street concept to Chambers of Commerce, Retail Associations on request.

Sponsor annual Main Street Conference in cooperation with KDDA plus at least one workshop. Sponsored Texas Main Street Tour in August, 1985 (25 people).

Technical assistance for PRIDE Program Main Street award, as requested.

Kansas Enterprise Zones

Designation of areas which meet specified distress criteria wherein investment job tax credit and sales tax refunds on certain investment purchases provide incentive to development.

Currently 124 Kansas communities have enterprise zones. In FY 1986 to date 46 applications have been received; 1 was disapproved, 15 were amendments to existing zones.

Verification that criteria is met for designation. Technical assistance for designating communities. Provide enterprise zone guidebook publication -- how to, use of incentives.

PRIDE Program

A program of incentives, recognition and technical assistance for volunteer efforts in community improvement. Co-administer with KSES, primarily through state coordinator and 5 area community development specialists.

1985: 105 communities enrolled
90 Blue Ribbon program participants
45 completed Community Award competition
36 communities with Youth PRIDE

Annual Blue Ribbon program - achievement of standards of excellence in 9 categories; upon completion of all are made PACEMAKER cities. Currently 15, 4 have expired status.

Technical assistance provided directly by visit to 87 communities; 3 area training sessions, 7 area workshops with KSES. Telephone assistance on-going.

PRIDE Board of Directors gives policy direction: 5 sponsor members, 6 community members, 2 agency members. Twenty-seven corporate sponsors contributed \$12,450 for cash awards and PRIDE Day costs in 1985.

Community Resource Program

A program of grants and technical assistance for communities through which educational, cultural, recreational and social activities are provided in rural Kansas communities. Annually for six years \$20,000 in grant funds have been made. In 1986, 14 communities have grants matched by 25%, 50% and 75%, for 1st, 2nd, and 3rd year programs respectively. In the spring of 1985, 254 classes were sponsored serving 2,700 people.

Technical assistance includes developing programs and classes and recommendations for publication and outreach. The skills of local community people are generally the resources for classes and activities currently administered through a contract with the University for Man, KSU.

Small Cities Community Development Block Grant

The HUD grant is administered for cities and counties under 50,000 population. In 1984 and 1985, \$16.8m and \$16.9m respectively was available for grants for community improvement and economic development projects.

Grants must meet 1 of 3 national objectives.

- 1 - primary benefit to LMI
- 2 - elimination or prevention of slum and blight
- 3 - meet urgent community need

In 1984: 435 applications received
82 grants total
13 grants for economic development totaling \$4.5m and creating or retaining 1,744 jobs

In 1985: 292 applications
73 grants total
22 economic development - just under \$6m creating or retaining 1,560 jobs.

Funding available for 1986 is projected to be \$12.4m due to federal budget cuts.

Provide technical assistance to applicants and grantees; monitor grant projects for compliance with HUD regulation.

Housing Assistance

Administer HUD Section 8 housing construction program; distribute in excess of \$1m annually; in 6th year of 20 year or longer contracts. Provide annual management review of 291 subsidized housing units in 7 communities.

Under the HUD Homeless Housing program, a pilot project provides housing certificates for 15 homeless families in Wyandotte, Johnson and Leavenworth counties. Work with local outreach agencies to identify eligible applicants.

Certified Development Cities Program (proposed)

A program of certification for cities meeting standards of excellence in preparation for industrial growth. Technical assistance will be provided by both industrial development and community development staff. Benefits include public recognition for achievement and recognition by industrial prospects as being prepared to meet their needs. Standards will be met in all areas of community characteristics relevant to industrial development.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

Planning and Community Development Division
503 Kansas Avenue, Sixth Floor, Topeka, Kansas 66603
Phone (913) 296-3485



JOHN CARLIN
Governor

CHARLES J. "Jamie" SCHWARTZ
Secretary

M E M O R A N D U M

TO: Carole Morgan, Director
Community Development

FROM: Harold Eddy, Community
Development Rep.

RE: 1985 PRIDE Program Report

DATE: January 10, 1986

Enrolled Communities	105
Blue Ribbon Participants	90
Community Achievement Award Participants	45
Youth PRIDE	36

Community Achievement Award winners (by population category) - See Attachment A

Blue Ribbon status summary - See Attachment B

Communities visited (September, 1984 - September, 1985)

1984 November 6 - 8: Fort Scott, Paola, Osawatomie, Garnett, Erie,
Independence, Parsons, Pittsburg, Baxter Springs,
Columbus, and Treece

November 13 - 16: Kinsley, Haviand, Coldwater, Ashland, Minneola,
Spearville, Ford, Scott City, Ulysses, Johnson City,
Lakin, and Garden City

November 11 - 19: Sterling, Chase, Lyons, Burrton, Macksville, Conway
Springs, Augusta, Rose Hill, Derby, Potwin, Winfield,
Dexter, and Ark City

December 4 - 7: Sharon Springs, Grinnell, Bird City, St. Francis,
Oberlin, Jennings, Rexford, Logan, Bogue, Plainville,
Russell, Stockton, and Hays

December 10 - 11: Marion, McPherson, and Junction City

1985 January 2 - 4: Winfield, Burden, Dexter and Arkansas City

January 14 - 23: PRIDE workshops in Russell, Colby, Dodge City, Ulysses,
Hutchinson, Marysville, and Parsons

1985 February 20-22: Training sessions in Hutchinson, Lyons and Plains

March 4 - 5: Organizational meeting in Mound City

March 26 - 28: McPherson, Moundridge, Canton, Roxbury, Lindsborg,
Derby, Conway Springs, Burden, Dexter, Hesston, Newton,
and Osawatomie

April 9: Organizational meeting in Wellsville

April 11: Annual meeting in Macksville

April 29 - 30: PRIDE Day youth planning meeting in Fort Scott and
organizational meeting in Belle Plain

May 8 - 10: Lansing, Leavenworth, Atchison, Elwood, Highland, Ogden,
Concordia, Belleville, Wakefield, Westmoreland, Marysville
and Onaga

news...

Attachment 1

Kansas Department of Economic Development
503 Kansas Avenue, Topeka, Kansas 66603

CONTACT: Harold Eddy (913) 296-3485

DATE: October 12, 1985

IMMEDIATE RELEASE

SALINA -- Fifty-eight cash awards were presented by Governor John Carlin to outstanding Kansas communities who participated in the 1985 PRIDE Program during the state's Fifteenth Annual PRIDE Day Workshop and Awards Banquet on October 12, 1985, at the Bicentennial Center in Salina.

Cash awards were presented to Kansas communities on the basis of their community improvement activities during the 1985 PRIDE year. The community awards were given based upon the decisions of five experienced judging teams that visited the communities in late September. The winning communities competed with other communities in their population category for the cash awards.

Winners of the first place cash award in each population category received \$500 and \$400 was given to the second place winners. Third, fourth, and fifth place winners received \$300, \$200, and \$100 respectively. Youth awards were also made with \$50 being awarded to first place winners, \$30 to second place winners and \$20 to third place winners. Meritorious achievement awards (\$25 each) were given to those communities with good programs, but not ranked among the finalists.

In addition, six communities received a special award for community outreach, fourteen communities received crime prevention awards, eleven communities received downtown revitalization awards, and four newspapers received awards for outstanding achievement in promoting the ideals of PRIDE through the news media. The 1985 PRIDE awards were as follows:

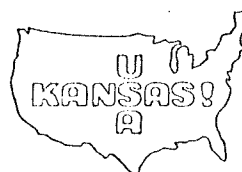
CASH AWARDS

Population 0 - 400 -- First, Courtland; second, Alden; third, Formoso; fourth, Haddam; and fifth, Ford. Youth Awards -- First, Galesburg and second, Rexford.

Population 401 - 700 -- First, Spearville; second, Grinnell; third, Westmoreland; fourth, Potwin; and fifth, Effingham. Youth Awards -- First, Grinnell; second, Bird City, and third, Potwin.

(OVER)

CROSSROADS OF AMERICA



Population 701 - 1,500 -- First, Minneola; second, Sharon Springs; third, Highland; fourth, Wakefield; and fifth, Haviland. Youth Awards -- First, Onaga/Neuchatel; and second, Erie.

Population 1,501 - 5,000 -- First, Osawatomie; second, Baxter Springs; third, Oberlin; fourth, Ulysses; and fifth, Kinsley. Youth Awards -- First, Baxter Springs; second, Garnett; and third, Ogden.

Population 5,001 - UP -- First, Atchison; second, Fort Scott; third, Lansing; fourth, Ottawa; and fifth, Dodge City. Youth Awards -- First, Fort Scott; second, Atchison; and third, Dodge City.

MERITORIOUS ACHIEVEMENT AWARDS

Jennings	Burrton	Independence
Muscotah	Erie	Parsons
St. George	Belleville	
Bird City	Columbus	
Leonardville (youth)	Council Grove	
Macksville	Garnett	
Ashland	Ogden	
	Goodland	

COMMUNITY OUTREACH AWARDS

Alden	Fort Scott
Oberlin	Atchison
Baxter Springs	Lansing

CRIME PREVENTION AWARDS

EXCELLENCE

Formoso
Onaga/Neuchatel
Oberlin
Atchison

MERIT

Macksville	Spearville
Effingham	Haviland
Garnett	Minneola
Dodge City	Baxter Springs
Goodland	Lansing

DOWNTOWN REVITALIZATION AWARDS

EXCELLENCE

Spearville
Osawatomie
Fort Scott

MERIT

Westmoreland	Ottawa
Ashland	Independence
Kinsley	Parsons
Ulysses	Goodland

NEWSPAPER AWARDS

Spearville News
Highland Vidette
Osawatomie Graphic
Atchison Daily Globe

The PRIDE Program is co-administered by the Kansas Department of Economic Development and the Kansas State University Cooperative Extension Service. Cash awards are provided by numerous business and industrial firms located and/or doing business in Kansas.

COMMUNITIES DESIGNATED ADEQUATE IN PRIDE BLUE RIBBON PROGRAM

January 19

CATEGORIES OR UB-CATEGORIES	ECONOMIC DEVELOPMENT			COMMUNITY SERVICES			UTILITIES				TRANS-PORTATION			ENRICHMENT				ENERGY					
	Comm. Planning	Agriculture Agri-business	Industrial Dev.	Tourism	Health	Fire Prevention	Police Protec.	Ambulance	Water	Street Lights	Waste Disposal	Sewage	HOUSING	Streets	Highways	Airport	EDUCATION		Recreation	Culture	Beautification	Library	
Agra					X	X									X								
*Alden																							
Arkansas City																							
Ashland		X	X	X	X	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	
*Atchison														X	X	X							
Atlanta									X	X	X				X								
Atwood		X	X	X	X	X	X	X	X	X	X			X	X	X	X		X	X			
Basehor																							
Baxter Springs					X	X	X	X	X	X	X			X	X	X	X					X	
Belle Plaine																							
Bird City					X		X	X	X	X	X			X	X	X	X					X	
Bison						X	X	X		X	X												
Bucklin		X				X	X	X		X	X			X	X	X	X		X			X	
Buhler				X	X		X	X	X	X	X			X	X	X	X		X				
Burr Oak		X					X	X		X							X	X	X	X	X	X	
*Burrton																							
Bushton					X		X	X		X	X			X	X	X	X		X			X	
Caldwell	X	X		X					X	X	X			X	X	X							
Canton	X			X												X	X		X	X	X	X	
Centralia						X																	
Chanute	X												X					X	X	X	X	X	
Cherryvale	X		X		X	X	X	X		X	X	X		X	X	X	X		X	X	X	X	X
Clifton	X	X		X	X	X	X		X	X	X	X		X	X	X		X	X	X	X	X	
Coldwater						X			X						X	X	X		X			X	
Columbus	X	X	X	X	X	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	
Colwich	X												X										
*Concordia				X			X			X				X	X		X					X	
*Conway Springs																							
Council Grove		X	X	X	X	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	
Courtland	X	X	X	X	X	X	X	X	X	X	X			X	X	X	X	X	X	X	X	X	X
*Derby																							
*Dodge City																							
Effingham		X			X				X	X												X	
Erie	X				X	X	X	X	X	X	X			X	X	X			X			X	
Eureka		X	X	X	X	X	X	X	X	X	X	X		X	X	X	X		X			X	
Florence					X	X	X	X		X				X	X	X	X					X	
*Ford	X	X		X	X	X	X	X		X	X		X	X	X	X	X	X	X	X	X	X	X
Formoso								X		X						X	X	X	X	X	X		
*Fort Scott				X	X	X	X		X		X			X	X	X	X	X				X	
Frankfort															X	X							
Galva					X	X		X	X	X	X			X	X	X	X						
Garden City																							
Garnett		X	X		X	X	X	X	X	X	X	X		X	X	X		X	X	X	X	X	
Geneseo				X	X	X	X		X	X	X			X	X	X			X			X	
Glade		X		X		X				X				X									
Goessel					X		X	X									X		X	X	X	X	
Goodland		X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	
Grainfield		X			X	X	X			X	X	X		X	X	X	X					X	
Greenleaf	X			X		X	X	X		X	X	X		X	X	X						X	X
Grinnell					X		X	X	X	X	X			X	X	X	X					X	

* Pacemaker

✓ Expired Pacemaker

* Recertified as Pacemaker

COMMUNITIES DESIGNATED ADEQUATE IN PRIDE BLUE RIBBON PROGRAM

January 1

CATEGORIES OR SUB-CATEGORIES	ECONOMIC DEVELOPMENT			COMMUNITY SERVICES			UTILITIES			TRANS-PORTATION			ENRICHMENT				ENERGY					
	Comm. Planning	Agriculture Agri-business	Industrial Dev.	Tourism	Health	Fire Prevention	Police Protec.	Ambulance	Water	Street Lights	Waste Disposal	Sewage	HOUSING	Streets	Highways	Airport		EDUCATION	Recreation	Culture	Beautification	Library
Gypsum					X	X	X	X	X	X				X		X						
Haddam		X			X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Halstead						X	X	X					X		X		X		X	X	X	
Haven					X	X	X	X	X	X							X	X	X			
Haviland		X			X			X	X	X	X				X	X	X					X
Haysville	X																X					X
Herington	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
*Hesston	X	X	X			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Hiawatha		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X
**Hillsboro																						
Horton		X	X		X	X	X		X	X	X		X	X	X	X	X	X	X	X	X	X
Hoxie					X	X	X	X	X	X	X		X	X	X	X		X				X
Independence	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
*Jennings																						
Jetmore					X			X		X	X								X	X		
Johnson City		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
*Junction City																						X
Kirwin						X			X		X								X			X
LaCrosse					X	X	X	X	X	X	X		X	X	X	X		X				X
Lansing	X	X		X		X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X
Latham												X										
Leavenworth	X		X	X	X	X	X	X	X	X	X		X	X		X	X	X	X	X	X	X
Lebanon								X	X	X	X						X					
Little River		X			X	X	X	X	X	X	X		X				X		X	X	X	
Logan	X	X		X	X	X	X		X	X	X		X						X			
Lyons					X	X	X	X														
Macksville		X			X	X	X	X	X	X	X		X	X	X	X	X	X				X
Manhattan	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Mankato												X										
Marion		X		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Marysville	X			X	X	X	X	X		X	X	X		X	X	X	X	X	X	X	X	X
McCracken									X	X				X	X	X	X					X
McLouth							X			X	X			X	X	X						
✓McPherson																						
Milford	X	X			X	X	X	X		X	X		X	X	X	X		X	X	X	X	X
Minneapolis					X	X	X	X				X			X	X		X				X
Minneola					X			X				X	X	X	X	X				X		
Moline		X			X			X				X										
Moran					X			X									X					X
Morrowville					X		X	X		X	X		X	X	X	X		X				X
Moundridge	X				X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Mt. Hope				X	X	X	X	X	X	X	X		X	X	X	X		X				X
Natoma		X			X	X	X		X	X	X		X	X	X				X	X		
Neodesha		X	X		X	X	X		X	X	X		X	X	X				X			X
✓Newton																						
Nickerson																						X
Norton		X		X	X	X	X			X	X		X	X	X	X		X	X	X	X	X
Nortonville																						
Oakley		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Oberlin	X	X		X		X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X

* Pacemaker

** Recertified as Pacemaker

✓ Expired Pacemaker

COMMUNITIES DESIGNATED ADEQUATE IN PRIDE BLUE RIBBON PROGRAM

January 19

CATEGORIES OR SUB-CATEGORIES	ECONOMIC DEVELOPMENT			COMMUNITY SERVICES				UTILITIES				TRANSPORTATION			ENRICHMENT							
	Comm. Planning	Agriculture Agri-business	Industrial Dev.	Tourism	Health	Fire Prevention	Police Protec.	Ambulance	Water	Street Lights	Waste Disposal	Sewage	HOUSING	Streets	Highways	Airport	EDUCATION	Recreation	Culture	Beautification	Library	ENERGY
Ogden		X			X	X	X		X	X	X		X	X	X	X		X		X		
Osawatomie	X	X			X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	
Peabody					X	X	X	X				X										
Phillipsburg	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	
Pittsburg		X	X		X	X	X	X	X		X		X	X	X	X	X	X	X	X	X	
Pratt																		X		X		
Parsons	X				X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	
Roxbury					X	X	X	X	X	X	X		X	X	X	X	X			X	X	
/Russell																						
Sabetha		X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	
St. Francis		X		X	X		X	X		X	X		X	X	X	X	X	X	X	X	X	
Scott City	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Sedan				X	X	X	X	X	X	X	X		X				X	X	X	X	X	X
Sedgwick					X		X	X		X	X		X				X	X	X	X	X	
Seneca					X	X	X	X	X	X	X		X						X			
Sharon Springs			X		X		X	X		X			X		X	X	X	X	X	X	X	
Simpson		X			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Smith Center									X	X	X	X										
Smolan					X	X	X	X	X	X	X		X	X	X	X	X				X	
South Hutchison						X	X	X		X	X											
Spearville		X				X	X	X		X	X	X	X	X	X	X	X	X	X	X	X	X
Sterling						X	X	X		X	X	X	X	X	X	X	X			X	X	
Sublette														X	X	X	X	X				
Summerfield																	X	X				
Sylvan Grove		X																				
Syracuse					X	X	X	X	X						X	X		X		X		
Tribune				X	X	X	X	X		X			X	X	X		X	X	X	X	X	
*Ulysses																						
*Wakefield																						
Walton						X	X	X	X	X	X		X	X	X	X	X			X	X	
Wakeeny																						
Wamego	X																					
Waterville				X	X			X	X				X				X	X	X	X	X	
Westmoreland					X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	
Whitewater					X																	
Winfield	X	X	X														X					

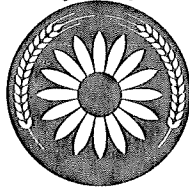
* Pacemaker

** Recertified as Pacemaker

✓ Expired Pacemaker

KANSAS

PRIDE PROGRAM



Sponsor Recruitment Meeting Report January 23, 1986 Osawatomie, Kansas

Members in attendance: Al Conyers, KCPL, Chairman; Gladys Hawkins and Norma Stephens, Osawatomie; Jim Price, Continental Telephone, Gardner; Rod Weinmeister, KPL Gas Service Company, Topeka; Sonny Sisk, KSES, Manhattan and Harold Eddy, KDED, Topeka.

Mike Germann, State PRIDE Board Chairman, directed the committee to determine the need for additional funds first and then determine how best to raise the funds.

1985	PRIDE Sponsor Contributions	\$12,450.00	(See Attachment A)
1985	PRIDE Day Expenses	\$14,436.30	(See Attachment B)
1986	Projected PRIDE Day Costs	\$13,700.00	

Funds Needed

PRIDE Ambassador's outreach program	\$3,500.00
PRIDE Day Speakers	500.00
Community Achievement Award's increase	1,500.00
Additional funds needed for PRIDE Day	1,500.00
	<u>\$7,000.00</u>

This equates to 14 new sponsors

Proposal

1. Write a letter, from the State PRIDE Board Chairman, to each existing sponsor asking their representative to submit the name of at least one potential sponsor.
2. Ask each board member to submit five to ten names of potential sponsors.
3. Draft a letter to these potential sponsors explaining the program and asking them to contribute.
4. A follow-up phone call asking for an appointment to discuss the program. Each visiting team will consist of at least one sponsor and one staff person.

5. Ask some existing sponsors to increase their contribution.
6. The committee recommends that membership by an association should not preclude recruitment of companies the associations represent.
7. The committee recommends that the first place Community Achievement Award be increased from \$500.00 to \$750.00.

1985 Sponsors

Beech Aircraft Company	Hallmark Cards
Farmland Industries	Contel-Western Power Division
Southwestern Bell	Kansas Gas and Electric
Duckwall-Alco	Kansas Chamber of Commerce and Industry
KPL-Gas Service	Western Insurance
Northern Natural Gas	Kansas Railroad Association
Boeing Military	Union Gas System
Kansas City Power and Light	Kansas Banker's Association
Empire District Electric Company	Arco Pipeline
Pnhandle Eastern	League of Municipalities (\$400.00)
Continental Telephone	National Cooperative Refinery (\$300.00)
KN Energy	United Telephone (\$750.00)
Midwest Energy	

1985 In-Kind Sponsors

American Walnut
Main Hurdman

Sponsors Lost

Cities Service Gas Company	Business and Professional Women
Kansas Electric Cooperatives	Gas Service Company
Excel Industries, Inc -- have not paid, but have not officially withdrawn	

PRIDE Day Expenses

	<u>1984</u>	<u>1985</u>	<u>Estimate 1986</u>
PRIDE Judging	\$ 2,048.90	\$ 2,000.00	\$ 2,300.00
Judges Lodging in Topeka	755.82	716.72	800.00
PRIDE Day Facility	1,048.40	1,275.00	700.00
Catering	2,496.00	3,382.17	2,750.00
Awards	8,460.00	8,420.00	8,600.00
Entertainment	400.00	850.00	300.00
Speakers	67.00	-----	500.00
Plaques (Award)	132.18	100.56	120.00
Picture Frames	250.00	300.00	320.00
Youth Bus	67.00	88.00	-----
Balloons & Gas (etc.)	-----	213.85	240.00
Table Decorations	68.62	-----	70.00
Punch Bowl	17.64	-----	-----
Miscellaneous	-----	-----	400.00
	\$15,805.56	\$17,346.30	\$17,100.00
Receipts from PRIDE Day	3,330.00	2,910.00	3,400.00
	\$12,475.56	\$14,436.30	\$13,700.00



KANSAS PRIDE NEWS



WINTER

TOPEKA, KANSAS

1985

PRIDE Awards Given

Over 400 people from 50 communities joined together in Salina, October 20, 1984 to celebrate the 14th Annual Community Improvement PRIDE Day. A variety of workshops were offered on topics ranging from How to Obtain Grants to A Process for Industrial Development. The day culminated with an evening banquet at which Governor John Carlin recognized the cash award winners.

The PRIDE program is designed to encourage citizen involvement in projects that will make a community more attractive to economic development and/or provide a better quality of life for its citizens and has two major program components.

The Blue Ribbon program encourages communities to strive toward established goals in nine categories: community planning,

economic development, community services, utilities, housing, transportation, education, enrichment and energy conservation. When a community receives certification in all areas they are designated a Pacemaker City.

Each year, participants in the Cash Awards program, select projects and document their progress in a notebook. Communities are evaluated by impartial judges against other communities of similar size. The PRIDE Day Banquet, held each fall, recognizes the winners in each of the five population categories.

The 1984 winners were:

Population 0-400—First, Formoso; second, Jennings; third, Alden; fourth, Courtland; and fifth, Haddam. Youth Awards—First, Rexford and second, Galesburg.
Population 401-700—First,

Spearville; second, Bird City; third, Grinnell; fourth, Westmoreland; and fifth, Effingham. Youth Awards—First, Grinnell; second, Bennington; and third, Little River.

Population 701-1,400—First, Sharon Springs; second, Wakefield; third, Ashland; fourth, Haviiland; and fifth, Burrton. Youth Awards—First, Onaga/Neuchatel.

Population 1,401-5,000—First, Osawatomie; second, Marysville; third, Garnett; fourth, Oberlin; and fifth, Erie. Youth Awards—First, Marysville; second, Osawatomie; and third, Baxter Springs.

Population 5,001-UP—First, Fort Scott; second, Dodge City; third, Atchison; fourth, Goodland; and fifth, Independence. Youth Awards—First, Fort Scott; second, Pittsburg; and third, Goodland.

An Enterprising Idea

PRIDE communities who are placing a special emphasis on downtown revitalization or are working on economic development may be interested in one of Kansas' newest economic development tools—Enterprise Zones.

Enterprise Zones are areas where a new or expanding business or industry can qualify for state income tax, sales tax, and locally designated development incentives. Once qualified, the business can receive the state income tax credit for 10 years.

The purpose of Enterprise Zones

is to alleviate economic distress in zone areas by offering the above incentives to businesses to locate or expand there. Of the 71 enterprise zones currently designated, 20 are in PRIDE communities.

To establish an Enterprise Zone, cities must submit an application to the Kansas Department of Economic Development. The application includes a resolution requesting a zone designation passed by the city, maps of the area, a local incentive, and documentation that the area meets size, population and distress criteria. Cities eligible

for the federal Urban Development Action Grants (UDAG) program automatically meet the distress criteria. Other cities must document that one of the following has occurred within the zone: a 10% population loss; unemployment 1.5 times the state rate of unemployment; or 70% of the residents of the zone have incomes below 80% of the city's median income.

For more information on how to apply for a zone designation, or how to more effectively utilize existing zones, contact Nancy McCabe, KDED, (913) 296-3485.

PRIDE High on Main Street

The 1985 PRIDE year brings a new emphasis, Downtown Revitalization, which will recognize and encourage voluntary accomplishments in downtown improvements in Kansas communities.

Kansas downtowns provide jobs, income, tax revenue and serve as a focal point for many aspects of community life. In addition, downtown represents a community's history and its self-image now and in the future. It is the primary source of a community's identity and pride. Thus, by improving the image of downtown, a community can better its chances of maintaining a healthy economic and social base that will continue to grow and prosper.

There will be two basic awards, the Merit Award and the Excellence Award. Both will be non-competitive certificates of achievement based on the effectiveness and quality of downtown improvements achieved and/or the duration and the impact of the downtown effort. The Merit Award will be presented to those communities that have made a notable contribution to downtown revitalization; an Excellence Award to those communities that have made an extraordinary, distinguished contribution.

Participation is open to all communities who enroll in the cash awards program on or before February 15, 1985. The documentation must be placed in a separate section of the PRIDE project book. Judging for the Downtown Revitalization Award will occur during the yearly PRIDE Cash Awards judging held during the third week in September. The following elements will be considered by the judges in determining award winners:

- * The nature of the downtown revitalization techniques; its uniqueness, originality, scope, impact, and adaptability;
- * The program's execution; promotion, numbers of people

reached, duration of the effort; and

- * The program's effectiveness; the generation of public support and other evidence of success.

PRIDE committees can provide some vital and unique services to downtown. Their broad based core of volunteers can, through surveys and public meetings, get a feeling for what the area consumers are looking for. This information enables merchants to better meet their customers needs.

PRIDE committees can also organize local events to attract people downtown and create civic pride. Many PRIDE communities have been doing this for years and have been very successful. The key is to promote the city and not just the event. In the long run both will be successful.

Finally, PRIDE committees can aid in beautifying the downtown business district and the entrances

to town. People passing through town will make their decision to stop or continue on based on their perception of the community. A neat, attractive community with a clean and well cared for downtown is much more enticing to a potential customer than a drab, dirty, and unattractive main street.

These are just a few ideas of how PRIDE can aid in downtown revitalization. By working with the Chamber of Commerce and local retailers, a community can develop a program that will best suit the community's needs. It will not be done overnight or even in one year. It is a long-term ongoing project. Downtowns, with proper maintenance, will continue to provide us with a place to shop, and a place to belong.

For information or assistance contact: Loren Medley or Peggy Livingood at KDED or Bill Eberle at KSU.

Conway Springs Celebrates Pacemaker

February 19, 1985, will mark a milestone for the south central Kansas community of Conway Springs. After several years of effort they have achieved Pacemaker status and will hold a banquet to celebrate.

Governor John Carlin will be the featured speaker at the banquet. Master-of-ceremonies will be Greg Gamer, Anchor Man of the KSNW-TV 3 in Wichita. Other dignitaries on the program include: Charles J. Schwartz, Secretary of the Department of Economic Development; Lawrence Cox, South Central Area Extension Director; and Rod Weinmeister, State PRIDE Steering Committee Chairman. Dinner music will be provided by the Conway Springs High School Cardinalaires under the direction of Noma Curtis.

This is one of the first Pacemakers to be awarded since the

State PRIDE Committee revised the Pacemaker program. Under the new criteria, Pacemaker will take on new meaning as the highest award in the PRIDE Blue Ribbon program. Present Pacemaker communities may recertify every four years and maintain their distinction as PRIDE pace-setting communities. Bill Eberle, of the Kansas State Extension Service, explains, "Expanding the Pacemaker/Pacemaker II into a recertification program provides continuing goals toward which communities can work and recognizes ongoing achievement in providing facilities and services."

Congratulations to Conway Springs. Conway Springs invites you to join in their celebration. For further information contact: Una Dee McCullar, Box 282, Conway Springs, Kansas 67031, telephone no. 316-456-2869.

PRIDE Annual Banquet



Pictured on this page are the representatives of the first place communities accepting their awards from Governor John Carlin at the 14th Annual PRIDE Day in Salina on October 20, 1984. Pictured left to right are:

(1) Spearville—Lori Burke, Governor John Carlin; (2) Sharon Springs—Ruth Ann Neff, Governor John Carlin; (3) Osawatomie—Gladys Hawkins, Norma Stephens, Governor John Carlin; (4) Formoso—Anita Switzer, Don Howland, Governor John Carlin; (5) Fort Scott—Pam Vineyard, Governor John Carlin.



Crime Prevention Emphasis Continued

The Governor's Committee on Crime Prevention has announced that it will again sponsor a special award to communities that initiate positive steps to make their communities safer places to live and raise children.

Kay Houser, Chairperson of the Committee, said, "PRIDE provides the ideal vehicle to fight crime because of its direct contact with concerned, enthusiastic citizens in many communities across the state. It is probably the most powerful group possible to increase active involvement of local citizens."

There are many options open to PRIDE communities from Ident-a-Kid to organizing Neighborhood Watch Programs. Kay stresses, "the individual programs should be tailored to a community's size and needs. There are 3 steps—evaluation of needs, goal setting and initiating of action. What works for one community may be unnecessary and even impossible for another community. The key is to invite participation from all sectors of the community and find a program that is needed and supported by many."

PRIDE committees should be aware of other groups that may be, or could be encouraged to become involved in crime prevention efforts. Following are some groups that the PRIDE committee might be able to work with:

American Legion Posts are including child abuse protection information talks with their bikathon programs for youth. State leaders from the child abuse organization are providing speakers.

The state *Jaycees* are stressing fingerprinting of children, a program initiated by KBI. The Topeka chapter is formulating a pilot project to fingerprint children at a pre-school roundup at one Topeka school. Their work sheets will be available to other Jaycee chapters.

The state *Parent Teachers Association* is encouraging their chapters to enlarge their prevention of drug abuse programs. They are also distributing pamphlets to schools which educate children about laws affecting juveniles.

The *Kansas State Department of Education* has initiated a pilot

program to improve the law related education provided by schools. As a pilot effort, they are field testing such information in kindergarten classes. The purpose is to prevent children from committing crimes or becoming victims.

Those interested in Crime Stoppers information, may write Det. Ken Ferrell, 455 North Main, Wichita, Kansas 67202. The Governor's Committee on Crime Prevention is willing to help PRIDE communities by providing literature, information and speakers. For assistance, contact Kay Houser at 5026 West 22nd Park, Topeka, Kansas 66614, telephone no. (913) 272-1650.

In 1984, 17 PRIDE communities received awards at PRIDE day for their crime prevention efforts. They included: Merit Awards to Courtland Jennings, Little River, Grinnell, Macksville, Effingham, Ashland, Osawatomie, Garnett, Cherryvale, Marysville, Oberlin, Fort Scott, Dodge City, Goodland, and Excellence Awards to Burrton and Ogden.

KDED Provides Technical Assistance

The Planning and Community Development Division of the Kansas Department of Economic Development (KDED) continues to offer technical assistance to Kansas communities. During the four years that this program has been in existence approximately 100 communities have received technical assistance.

A few of the major kinds of projects that KDED has been involved with under this program have been:

- * Downtown Redevelopment through the Kansas Main Street Program

- * Shoppers Survey and Analysis
- * Merchants Survey and Analysis
- * Tourism Promotion
- * Community Attitude Survey and Analysis
- * Economic Development Strategy Assessment

Organized Regional Planning Commissions and Economic Districts in Kansas play a major role in assisting KDED by identifying communities'

development needs and by providing assistance in the implementation of some of these community projects.

The Community Development Program is part of the Department of Economic Development's ongoing effort to provide development assistance to Kansas communities. Project application forms for the KDED program can be obtained through the Division of Planning and Community Development, 503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603, or from a regional planning commission or economic development district.

Sharon Springs PRIDE Gets Things Done

Wallace County is located in Northwest Kansas and, until recently, it was perhaps most famous for Mt. Sunflower (elev. 4039). Now, thanks to some enterprising citizens it has become a county with PRIDE. Sharon Springs is the official home of PRIDE in Wallace County, but PRIDE members will make it clear that they could not accomplish their goals without the aid of the counties other major community, Wallace and, indeed, all interested parties in the county. Shirley Blaesi, an active PRIDE member and one of the coordinators of Mt. Sunflower University, said, "In a rural area like ours, (the county has only 2000 people), we need all the help we can get. Our people pull together and that is our secret."

This past year Sharon Springs was rewarded for their dedication by being judged as the first place community in the 701-1400 population category. They out distanced the stiff competition as a result of their strong organization and creativity. Some interesting features of their program are: National Issues Forums, Mt. Sunflower University, Family Play and SPARK.

The purpose of the National Issues Forums is to provide an opportunity for the public to discuss sensitive and pertinent issues and to have a chance to share their opinions with lawmakers. The PRIDE committee organizes a town meeting and holds a pre-meeting opinion survey on the topic to be discussed. The actual meeting may have many formats but one important component, according to Shirley Blaesi, is the small group discussion and group reports to the entire body. The meeting closes with a post-opinion survey which is compiled and sent to legislators. For more information write: Jon Kinghorn, Domestic Policy Association, 5335 Far Hills Avenue, Dayton, Ohio 45429.

Mt. Sunflower University is a free learning network whose main

purpose is to provide adult education to local citizenry at no cost or low cost. Mt. Sunflower has its own catalog and offers everything from a laymans' introduction to law to a course on the art of quilt making. For information contact: Judy Snodgrass, University for Man, 1221 Thurston, Manhattan, Kansas 66502.

For the past two years, Sharon Springs PRIDE has helped bring traveling theater to Wallace County. Little Red Riding Hood and Pinocchio have been performed for enthusiastic Wallace County audiences by the Theatre for Young America from Overland Park. Sharon Springs has combined the performance with a dinner and afternoon theater workshop to create an area-wide "happening". For information contact: Theatre for Young America, 7204 West

80th Street, Overland Park, Kansas 66204. For possible funding, write: Kansas Arts Commission, Columbian Building, 112 West 6th Street, Suite 401, Topeka, Kansas 66603.

SPARK, Special Population Activities for Rural Kansas, is a project designed to provide special services for handicapped citizens. In Sharon Springs SPARK has helped to, among other things, organize transportation, record the local newspaper on tapes, establish support groups, organize recreation and visit the shut-ins. For information on establishing a similar program contact: Karen Barron, SPARK Director, University for Man, 1221 Thurston, Manhattan, Kansas 66502. Possible funding may be available from the Department of Education, Rehabilitation Services Administration.

Special Meeting to be Held

There will be a special annual meeting of the PRIDE Corporation immediately following the PRIDE Steering Committee meeting in Lyons on February 20, 1985.

This meeting is necessitated by the revision of the by-laws of the Corporation which was passed on October 19, 1984. The new by-laws call for a Steering Committee (Board of Directors) made up of representatives of 6 sponsor organizations, the 5 first place cash awards winning communities from the previous year, and a Pacemaker community, the Secretary of the Department of Economic Development (or designated representative) and the Director of Kansas State Extension Service (or designated representative).

The wording of the new by-laws will also allow a community representative to be elected as an officer of the Steering Committee beginning the 1986 PRIDE year.

The transition to the new by-laws requires that the corporation meet to elect the 6

sponsor and the Pacemaker community representatives. The nominees for sponsor representatives are: Rod Weinmeister, Kansas Power and Light; Glenn White, United Telephone of Kansas; Jim Price, Continental Telephone of Kansas; Jim Foster, Boeing; Mike Germann, Kansas Railroad Association; and Treva Potter, Northern Natural Gas. The nominee for Pacemaker community representative is Wakefield.

Each community enrolled in the 1985 PRIDE program will have one vote. PRIDE communities are welcome to attend but it should be noted that election of board members is the only item on the agenda.

This fall we will return to the traditional date for the annual meeting, which is prior to the PRIDE Day celebration.

(These representatives have been serving as unofficial Steering Committee members since November 1984).

PRIDE Active in Community Resource Programs

Since April of 1979 when Governor John Carlin signed into law the authorization of the Community Resources Act, 41 Kansas communities have established free university programs involving approximately 18,000 persons annually. Twenty-five of the communities have now completed their three-year maximum state funding assistance and are existing on their own. The legislation provides state support through small grants for communities wishing to establish non-traditional continuing education programs.

PRIDE communities which have participated in the program include: Formoso, Onaga, Junction City, Roxbury, Jennings, Courtland, Westmoreland, Effingham, Sharon Springs, Ashland, Garnett, Osawatomie, Ottawa, Newton and Pittsburg. Nine of those communities have completed their three-year state funding period and eight of these are still operating programs without state CRA funding.

The community resource program is administered by the Kansas Department of Economic Development (KDED) which is responsible for the allocation and distribution of grants-in-aid to

eligible local organizations for community resource programs in accordance with established criteria for distributing the grants and the amount of money available. Technical assistance for this program is provided through the University for Man, Division of Continuing Education, Kansas State University.

Eligible local organizations are non-profit groups which are organized under public or private auspices especially for the purpose of establishing and operating community resource programs, free universities, community education programs or other community programs or services for the general welfare of the community. Public or private auspices can include counties, cities, townships,

recreation commissions, PRIDE committees, city councils, departments or independent groups of community residents.

Persons and communities interested in applying for community resource grants-in-aid should submit an application to Judy Snodgrass, Technical Assistance Contractor, University for Man (UFM), Division of Continuing Education, Kansas State University, 1221 Thurston Street, Manhattan, 66502, (913) 532-5866. Technical assistance is available through UFM in preparing the grant application, on-site planning and initiation of the program, assistance in program maintenance, accountability to the granting agency and periodic evaluations.

1985 PRIDE Calendar

February 15	1985 Enrollment Deadline
February 20	PRIDE Steering Committee Meeting 3:00 p.m. (Lyons) Special PRIDE Annual Meeting (see article, page 5) 4:30 p.m. (Lyons)
September 1	Deadline for Submission of Project Books
September 17-20	PRIDE Cash Awards Judging
October 12	15th Annual PRIDE Day (Salina)

PRIDE RESOURCES AVAILABLE TO COMMUNITIES

Communities in the PRIDE Program or those communities thinking about getting into the program have a number of resources available to them to assist with meeting with interested community volunteers, presenting slide shows or talking to community civic clubs and organizations.

Staff personnel are available at the local, district and state levels from the two co-administrators of the Kansas PRIDE Program, Kansas Cooperative Extension Service and the Kansas Department of Economic Development.

STATE PRIDE RESOURCE CONTACTS

Planning and Community Development
KANSAS DEPARTMENT OF ECONOMIC
DEVELOPMENT
503 Kansas Avenue—6th Floor
Topeka, Kansas 66603
PHONE: 913/296-3485

Department of Community Development
KANSAS COOPERATIVE EXTENSION
SERVICE
115 Umberger Hall—K.S.U.
Manhattan, Kansas 66502
PHONE: 913/532-5840



**A DIRECTORY TO
COMMUNITY DEVELOPMENT
& SMALL BUSINESS
ASSISTANCE PROGRAMS**

**KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
PLANNING AND COMMUNITY DEVELOPMENT DIVISION**

A
KANSAS DIRECTORY
TO
COMMUNITY DEVELOPMENT & SMALL BUSINESS
ASSISTANCE PROGRAMS

Revised
March, 1985

Prepared By:
KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
John Carlin, Governor
Charles J. Schwartz, Secretary

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612

John Carlin *Governor*

March, 1985

Dear Friends:

Historically, Kansas communities have depended to a large extent upon federal loans, grants, and technical assistance to help accomplish local community development needs. Today, however, because of the increased federal deficits, the states have assumed a larger role in assisting their respective communities in development endeavors.

As a result of the State's increased role in development activities, it is important that Kansans become aware of the many state community development programs that are available. The first step in this effort is for small businesses and local governments to become familiar with a wide variety of economic development incentives and assistance programs that are presently available in Kansas.

The KANSAS DIRECTORY TO COMMUNITY DEVELOPMENT AND SMALL BUSINESS ASSISTANCE PROGRAMS provides basic information and references for assistance programs created to aid cities, counties and public and private organizations. I urge you to contact the appropriate agencies listed in this directory to find out which programs can best serve your needs. I hope you find this information to be a handy guide to assist in your local economic development effort.

Sincerely,

A large, stylized handwritten signature of John Carlin in black ink.

JOHN CARLIN
Governor

INTRODUCTION

This Directory has been prepared to serve as a basic reference guide for the major economic development programs that are available to small businesses and local units of government in Kansas.

The report is organized into three sections in the Directory Index.

Section I lists COMMUNITY DEVELOPMENT ASSISTANCE in categories of Assistance Resources and Financing Tools/Incentives.

Section II lists SMALL BUSINESS ASSISTANCE categories of Marketing/Management Information Services, Financial Resources/Incentives, and Employment.

Section III lists several MISCELLANEOUS categories.

The APPENDIX lists the current publications available from the Kansas Department of Economic Development.

The Planning and Community Development Division of the Kansas Department of Economic Development greatly appreciates the assistance received from the many individuals and agencies in providing the information contained in this Directory.

Any comments or suggestions for improving this Directory in future editions would be appreciated.

For any questions or additional information contact:

PLANNING AND COMMUNITY DEVELOPMENT DIVISION
Carole L. Morgan, Director

Editors: Stan McAdoo and Harold N. Eddy, Jr.
Staff Assistance: Carla Roth and Sandy Kampschroeder

503 Kansas Ave., 6th Floor
Topeka, KS 66603
(913) 296-3485

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PRIDE PROGRAM

The PRIDE Program is a combined effort of companies, institutions and groups in the private and public sectors of Kansas to foster citizen involvement in making their community a better place to live. Communities are recognized in two ways - Blue Ribbon Recognition and Community Achievement Awards. Blue Ribbon Recognition leads a community to a Pacemaker designation by achieving established standards of excellence in several areas of community development. Community Achievement Awards provide cash prizes in various areas of community competition between communities of similar size. PRIDE is co-administered by the Kansas Department of Economic Development and the Cooperative Extension Service at Kansas State University.

Contact: Harold N. Eddy, Jr.
Planning and Community Development
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3485

or

Dr. William Eberle, Assistant Director
Cooperative Extension Service
Kansas State University
Umberger Hall - Room 115
Manhattan, KS 66506
(913) 532-5840

SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The Kansas Department of Economic Development has assumed administrative responsibility for the Small Cities Community Development Block Grant Program. Approximately \$17.5 million will be awarded to Kansas communities with populations less than 50,000 on a competitive basis for projects which stimulate or support local economic activity, principally for persons of low and moderate income. These community revitalization funds may be used for economic development, public facilities and/or housing rehabilitation projects.

Contact: George Scott, Program Administrator
Community Development Block Grants
Planning and Community Development
Kansas Department of Economic Development
503 Kansas Avenue - 2nd Floor
Topeka, KS 66603
(913) 296-3004

COMMUNITY DEVELOPMENT TECHNICAL ASSISTANCE

The Division of Planning and Community Development of the Kansas Department of Economic Development provides a number of technical assistance services to communities in the area of community development. These include projects such as the following: retail trade area surveys (shoppers), community attitude and merchants surveys; tourism and promotion assessments; governmental management analysis; and the main street project (downtown revitalization).

Contact: Carole Morgan, Director
Planning and Community Development
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3485

JOB EXPANSION AND INVESTMENT CREDIT

The Kansas Legislature passed a Job Expansion and Investment Credit Act in 1976 which allows a qualifying business to receive income tax credits for creating new jobs and investing capital in the state. The Act not only aids new business but also helps existing businesses to expand. Higher levels of these tax credits are available for qualified economic activity in designated Kansas enterprise zones.

Contact: Steve Frayser
Development Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

"ONE-STOP" CLEARINGHOUSE

The "One-Stop" Clearinghouse centralizes all information needed to establish or operate a business in Kansas. The major purposes of the Clearinghouse are to (1) provide all necessary state applications and forms required by agencies which license, regulate or tax business, and (2) answer questions about starting or expanding business in Kansas.

Contact: Gordon Criswell, Coordinator
One-Stop Permitting
Development Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

KANSAS ENTERPRISE ZONE

In 1982 the Kansas Legislature passed the Kansas Enterprise Zone Act to "expand and renew the local economy and improve the social and economic welfare of residents in economically distressed zone areas located within the cities of Kansas." The Act allows qualified business and industry located in an approved enterprise zone to take enhanced job expansion and investment tax credits and refunds of Kansas sales tax on specified capital improvements.

Contact: Nancy McCabe
Planning and Community Development
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3485

BUSINESS IMPROVEMENT DISTRICTS (B.I.D.)

The Kansas Legislature established the Kansas Business Improvement Districts Act in 1981 under which cities may establish, by ordinance, business improvement districts for the purposes of beautification, special or public services, financial support of public transportation services, parking facilities, general architectural design, promotion and support of community events and activities or any other services.

Contact: Loren Medley
Planning and Community Development
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3485

INDUSTRIAL REVENUE BONDS (IRB'S)

Kansas cities and counties are authorized to issue Industrial Revenue Bonds to facilitate the expansion of existing businesses and the location of new businesses. Industrial Revenue Bonds can be used for the following: to purchase or construct, maintain or equip buildings; to acquire sites; and to enlarge or remodel buildings for agricultural, commercial, hospital, industrial and manufacturing facilities.

Contact: Bill Thompson
Development Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

or

Chris McKenzie, Director of Research
League of Kansas Municipalities
112 West 7th Street
Topeka, KS 66603
(913) 354-9565

TAX INCREMENT FINANCING

The Tax Increment Financing Act authorizes cities to redevelop blighted "central business district areas" through private investment aided by the issuance of city bonds. The bonds are retired by increased property tax revenues (increment) raised as a result of higher assessed values of the redeveloped property. Tax increment financing provisions can also be utilized in designated Kansas enterprise zones.

Contact: Loren Medley
Planning and Community Development
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3485

or

Chris McKenzie, Director of Research
League of Kansas Municipalities
112 West 7th Street
Topeka, KS 66603
(913) 354-9565

KANSAS SMALL BUSINESS ASSISTANCE PROGRAM

The purpose of the Small Business Assistance Program is to develop the local capacity for financing by introducing techniques that blend private and public dollars. The program also provides, through its one-stop clearinghouse, all of the necessary forms and permits required for doing business in Kansas. The Kansas Department of Economic Development cosponsors an annual Fall Conference on Small Business. The conference attracts small business owners, legislators and government officials who meet to discuss current economic conditions and federal and state policies affecting small business.

Contact: William Gomez, Director, Small Business
Development Division
Kansas Department of Economic Development
503 Kansas Ave., 6th Floor
Topeka, KS 66603
(913) 296-3483

Gordon Criswell, Coordinator
One-Stop Permitting
Development Division
Kansas Department of Economic Development
503 Kansas Ave., 6th Floor
Topeka, KS 66603
(913) 296-3483

MINORITY BUSINESS PROGRAM

Technical assistance is provided to minorities and women seeking to start, improve or expand a business. As a division of the Kansas Department of Economic Development, it acts as a clearinghouse for the following activities: to verify minority business to companies requesting information; provides information to minority business of companies with set-asides and minority procurement policies; and provides information on public and private incentive programs. Publications, such as a Minority Business Directory, are available.

Contact: Billy McCray, Director
Minority Business Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3805

PROSPECT MARKETING

The Development Division of the Kansas Department of Economic Development conducts prospect marketing aimed at firms that may be locating new plants and apprising them of the advantages of doing business in Kansas. A national advertising campaign is conducted. Prospects are provided site selection information and assistance. Community profiles are maintained with data that may be of assistance to prospects.

Contact: Roger Christianson, Director
Development Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

KANSAS INDUSTRIAL TRAINING PROGRAM (KIT)

Kansas Department of Economic Development coordinates a state funded preemployment and on-the-job training program with the Vocational Education Division of the Kansas State Department of Education. The KIT program is designed to meet the specialized training needs of new and expanding companies.

Contact: Bill Thompson
Development Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

COMMUNITY EVALUATIONS

A team of development professionals, upon request, performs onsite evaluations of a community's potential for attracting and developing new industry. Evaluations are coordinated with local development companies and/or chambers of commerce.

Contact: Steve Frayser
Development Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

EXPORT MARKETING DEVELOPMENT

The Development Division of the Kansas Department of Economic Development can provide trade lead information to Kansas companies interested in developing export markets. Also offered are export advisory assistance in areas of financing, marketing or technical details including world market statistical data. Trade missions are conducted to develop world market opportunities. An export directory is published annually listing Kansas firms which currently export.

Contact: John Watson, Director
International Development
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

KANSAS CAVALRY

The Kansas Cavalry is a group of Kansas businessmen and women who, at their own expense, serve as ambassadors of the State of Kansas. The group fosters the economic growth of the state by encouraging development in Kansas through cooperative efforts with the Kansas Department of Economic Development on prospecting trips worldwide and hosting visiting industrial prospects.

Contact: Cindy Maude, Cavalry Coordinator
Development Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3483

GENERAL TOURISM PROMOTION

A variety of brochures and services are provided for statewide and national distribution. Efforts to improve Kansas' image are made through a series of public service broadcast advertisements across the state. Kansas promotional materials are supplied to regional and state travel shows and national trade association marketplaces. Services are coordinated with state tourism industry members including tour planners, travel agents, convention/meeting planners, visitors and others.

Contact: Cathy Kruzic, Director
Travel and Tourism Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-2009

PUBLICATIONS

The KANSAS! Magazine (for adults) and KANSAS TOO! (for children) are published to promote the state attractively and inform Kansans and non-Kansans about things of interest. A subscription for KANSAS! Magazine is \$6.00 per year and KANSAS TOO! is \$2.50 per year. Tourism and camping guides are also published for the traveling public.

Contact: Andrea Glenn, KANSAS! Editor
Travel and Tourism Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-3479

FILM PRODUCTION SERVICES

Filmmakers and documentary and commercial producers are provided information on on-location sites in Kansas. Assistance as a liaison between filmmakers, communities and state offices is included. A film services directory for Kansas will be available in early 1984.

Contact: Elizabeth Hawkins, Film Services Coordinator
Travel and Tourism Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-2009

TOURIST INFORMATION CENTERS (TIC)

The State of Kansas is establishing a network of Tourist Information Centers to provide information and materials promoting tourism and travel across the state. The state owns and operates TIC's near Goodland and at the State Capitol and subsidizes two others near Liberal and Ft. Scott with financial assistance. A TIC west of Kansas City opened in 1984 and one is being planned in south central Kansas near South Haven.

Contact: Chris Stanfield, Assistant Director
Travel and Tourism Division
Kansas Department of Economic Development
503 Kansas Avenue - 6th Floor
Topeka, KS 66603
(913) 296-2009

JOB TRAINING PARTNERSHIP ACT (JTPA)

The primary purpose of the Job Training Partnership Act (JTPA) is designed to establish programs to prepare economically disadvantaged young and unskilled adults for entry into the labor force. It replaces the CETA (Comprehensive Employment Training Act) program. An activity offered through JTPA is "on-the-job training" in which an employer is reimbursed for half of a trainee's wages while in training.

Contact:

Richard Hernandez
Department of Human Resources
427 Topeka Blvd.
Topeka, KS 66603
(913) 296-3031

Beth Brown
Area III JTPA Office
552 State Avenue
Kansas City, KS 66101
(913) 371-1607

or one of these regional offices:

Glenn Fondoble
Area I JTPA Office
332 East 8th Street
P.O. Box 389
Hays, KS 67601
(913) 628-1014

Lorraine Griffin Johnson
Area IV JTPA Office
455 North Main
Wichita, KS 67202
(316) 268-4691

Mike O'Hara
Area II JTPA Office
207 Humboldt
P.O. Box 962
Manhattan, KS 66502
(913) 539-0591

John Gobetz
Area V JTPA Office
105 West 11th Street
Pittsburg, KS 66762
(316) 232-2620

TARGETED JOB TAX CREDIT (TJTC)

A federal tax credit is available for employers who hire disadvantaged persons. The Department of Human Resources must validate that the employees hired meet the guidelines established by the Act.

Contact: Jane Burbridge, Job Services Office
Department of Human Resources
401 Topeka Blvd.
Topeka, KS 66603
(913) 296-5315

JOB SERVICE OFFICES

The Kansas Department of Human Resources operates thirty-two (32) local Job Service offices throughout Kansas to assist in matching potential employees with employers. Companies or businesses can contract with Job Service to do all their hiring including testing and screening services. The Job Service also maintains a potential worker file from which employers may draw.

Contact: Patrick Pritchard, Director
Job Services Office
Kansas Department of Human Resources
401 Topeka Blvd.
Topeka, KS 66603
(913) 296-5317

or a local Job
Service office

STATE DATA CENTER

Kansas maintains a state data bank to provide units of government and the public access to census data from 1790 through 1980. This includes population, housing, economic, and agricultural data available in printed and/or computer tape form. Some of the area sources listed below also offer limited survey and analysis service for data users.

Contact:

Marc Galbraith
State Library
State House - 3rd Floor
Topeka, KS 66612
(913) 296-3296

Don Adamchak
Population Research Laboratory
Kansas State University
Waters Hall - Room 255
Manhattan, KS 66506
(913) 532-5984

Larry Hoyle, Center for Public Affairs
University of Kansas
Blake Hall - Room 607
Lawrence, KS 66045
(913) 864-3701

Bob Glass
Institute for Business &
Economic Reserach
University of Kansas
325 Nichols Hall
Lawrence, KS 66045
(913) 864-3123

Mark Glaser
Center for Urban Studies
Wichita State University
Box 61
Wichita, KS 67208
(316) 689-3737

HISTORIC PRESERVATION TAX CREDIT

Since 1976 the Federal Internal Revenue Code has contained a variety of incentives to encourage capital investment in historical buildings and to spur the revitalization of historic neighborhoods. Tax credits, cost amortization and accelerated depreciation are allowed for certified historical structures or structures located in a registered historic district as certified by the Secretary of Interior.

Contact: Terry Marmet, Preservation Architect
Kansas State Historical Society
120 West 10th Street
Topeka, KS 66612
(913) 296-4230

SMALL BUSINESS PROCUREMENT PROGRAM

The Kansas Small Business Procurement Act of 1978 establishes a set-aside program for small business. It is the policy of the State of Kansas to "ensure that a fair proportion, at least but not limited to 10 percent of the total dollar amount of purchase of and contracts for property and services for the state (including but not limited to supplies, materials, equipment, maintenance, contractual services, repair services and construction) to be placed with qualified small business contractors.

Contact: Nicholas B. Roach, Director
Division of Purchases
Department of Administration
State Office Building - Room 173 North
Topeka, KS 66612
(913) 296-2376

CENTER FOR PUBLIC AFFAIRS (CPA)/INSTITUTE FOR ECONOMIC AND BUSINESS RESEARCH

The Center for Public Affairs/Institute for Economic and Business Research at the University of Kansas provides training and educational services and publications of interest to state and local government officials. Educational services include microcomputer training and training conferences for city managers and clerks. Publications available through the Center include the Kansas Statistical Abstract, the Kansas Voters Guide and monographs on various subjects of interest to state and local officials. Contracts for survey research services are available to public and private organizations and businesses.

Contact: Dr. Tony Redwood, Executive Director
Center for Public Affairs/Institute for Economic and
Business Research
University of Kansas
Summerfield Hall, Room 216
Lawrence, KS 66045
(913) 864-3123

CENTER FOR ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

The Center is involved in the development of and the conducting of seminars for special interest groups and practicing entrepreneurs and small business managers. An information bank, library and publications are available for practitioners, academicians and students.

Contact: Professor Fran D. Jabara
Center for Entrepreneurship
College of Business Administration
Wichita State University
130 Clinton Hall - Box 48
Wichita, KS 67208
(316) 689-3000

BUSINESS AND ENGINEERING TECHNICAL APPLICATIONS PROGRAM (BETA)

The Business and Engineering Technical Applications group was founded for the purpose of obtaining technical information and relating it to a specific need. BETA, through the cooperation of the Small Business Administration (SBA) and National Aeronautics and Space Administration (NASA), is designed to assist business and industry on technical (science and engineering) and administrative problems by providing specific technical information relevant to a company's business.

Contact: BETA
Space Technology Center
University of Kansas
2291 Irving Hill Drive, Campus West
Lawrence, KS 66045
(913) 864-4775

SMALL BUSINESS EDUCATION

The Kansas Cooperative Extension Service offers basic educational program for small business groups. Workshops and seminars are offered to help small business managers to increase sales, motivate employees, study trade areas, improve record keeping and analysis, and deal with inadequate financing, cash flow and accounts receivable problems.

Contact: Dr. David L. Darling, Extension Specialist
Community Economic Development
Division of Cooperative Extension Service
Kansas State University
Umberger Hall - Room 115
Manhattan, KS 66506
(913) 532-5840

or

Any Kansas County Extension Agent
located in County Seat cities

CENTER FOR REGIONAL AND COMMUNITY PLANNING

The Center for Regional and Community Planning has a three-fold function: the creation of public understanding of comprehensive planning and development; the supplying of basic information about new techniques and programs in planning and development; and the conducting of research on planning and development problems and methods. These functions of the Center are closely related to the graduate program in Regional and Community Planning at Kansas State University.

Contact: Vernon P. Deines, Director
Center for Regional and Community Planning
Seaton Hall, Kansas State University
Manhattan, KS 66506
(913) 532-5958

CENTER FOR URBAN STUDIES

The Center for Urban Studies conducts management training seminars and workshops for communities and a limited number of businesses in planning, decision-making, finance and other management related areas. The Center also does a limited number of survey research projects to assist communities in planning for their needs.

Contact: Dr. Joe Piscioti, Chairman
Center for Urban Studies
Wichita State University
Liberal Arts & Sciences Bldg., Room 205
Wichita, KS 67208
(316) 689-3737

KANSAS TECHNICAL INSTITUTE (KTI)

The Kansas Technical Institute (KTI), under the jurisdiction of the Board of Regents, offers training in the skills of aeronautical, civil, computer, electronic, general and mechanical technologies. KTI will work with businesses and industries in job placement of their graduates.

Contact: Herb Petracek, Dean of Student Services
Kansas Technical Institute
2409 Scanlan Avenue
Salina, KS 67401
(913) 825-0275

AREA VOCATIONAL-TECHNICAL SCHOOLS (AVTS)

Kansas has established fourteen (14) Area Vocational-Technical Schools (AVTS) to form a bridge that spans the demand between the industrial and business world. The overall AVTS system covers seven (7) general occupational areas: Trade and Industry, Technical Training, Agriculture, Distribution, Home Economics, Business and Office Occupations, and Health Occupations. Companies needing trained individuals for a particular skill may contact any AVTS directly regarding placement and/or specialized curriculum development.

Contact:

Dean Prochaska, Director
Division of Vocational Education
Kansas Department of Education
120 East 10th
Topeka, KS
(913) 296-3952

or a local Area Vocational-Technical School:

Cowley County AVTS
125 South Second
Arkansas City, KS 67005
(316) 442-0430

Flint Hills AVTS
3301 West 18th Street
Emporia, KS 66801
(316) 342-6404

Northeast Kansas AVTS
1501 Riley, P.O. Box 277
Atchison, KS 66002
(913) 367-6204

Northwest Kansas AVTS
1209 Harrison
Goodland, KS 67735
(913) 899-3641

North Central Kansas AVTS
P.O. Box 507 (Hiway 24)
Beloit, KS 67420
(913) 738-2276
(913) 625-2437 (Hays)

Kansas City AVTS
2220 North 59th Street
Kansas City, KS 66104
(913) 334-1000

Central Kansas AVTS
P.O. Box 545, 218 East 7th St.
Newton, KS 67114
(316) 283-0930

Liberal AVTS
P.O. Box 1599
Liberal, KS 67901
(316) 624-2551

Southeast Kansas AVTS
6th and Roosevelt
Coffeyville, KS 67337
(316) 251-3910
(316) 429-3896 (Columbus)

Manhattan AVTS
3136 Dickens Avenue
Manhattan, KS 66502
(913) 539-7431

Southwest Kansas AVTS
2nd and Commanche, Box 1576
Dodge City, KS 67801
(316) 225-0285

Salina AVTS
Building 658
2562 Scanlan Avenue
Salina, KS 67401
(913) 825-2261

Kaw AVTS
5724 Huntoon
Topeka, KS 66604
(913) 273-7140

Wichita AVTS
301 South Cove
Wichita, KS 67211
(316) 265-0771, Extension 44

CERTIFIED DEVELOPMENT COMPANIES (CDC'S OR 503'S)

Certified Development Companies were created by Congress in 1980 by amending Section 503 of the Small Business Investment Act, Title V. Loans are available for fixed asset purchases from \$10,000 to \$500,000 to promote and assist the growth and development of healthy and expanding eligible small commercial and industrial business concerns.

Contact:

Joni Fish, Director
Big Lakes CDC
1006 Poyntz Ave.
Manhattan, KS 66502
(913) 776-4859

Mrs. Jean Waltemath
Exec. Director
MO-KAN Development, Inc.
1302 Faron St.
St. Joseph, MO 64501
(816) 233-8485

John Meyers, Director
Douglas County CDC
823 Vermont
P. O. Box 581
Lawrence, KS 66044
(913) 843-4411

Don Reed, President
McPherson County Small Business
Development Association
101 S. Main McPherson
McPherson, KS 67460
(316) 241-0431

Gary Graham, General Manager
Four Rivers CDC
Municipal Building
Beloit, KS 67420
(913) 738-2210

Ronald D. Nicholas, Director
Nine County CDC
407 S. Main St., PO Box 8776
Pratt, KS 67124
(316) 672-9421

Gerald Cooper, Director
Greater Southwest Kansas CDC
1111 Kansas Plaza
Garden City, KS 67846
(316) 275-9176

Leroy Lyon, Exec. Director
Pioneer Country Development, Inc.
414 North West St., PO Box 248
Hill City, KS 67642
(913) 674-3488

Peggy Proestos, Director
Lenexa (City-wide) CDC
Lenexa State Bank Bldg.
12345 W. 95th, Ste. 309
P. O. Box 14244
Lenexa, KS 66215
(913) 888-1826

Jack Alumbaugh, Exec. Director
South Central Kansas
Economic Development Dist.
Sutton Place, Suite 102
209 E. William St.
Wichita, KS 67202
(316) 262-5246

LaVert A. Murray, Deputy Dir.
Kansas City, KS CDC
Municipal Office Bldg.
One Civic Plaza
Kansas City, KS 66101
(913) 573-5000

Chris Imming, Director
Topeka/Shawnee Co. Develop. Corp.
820 Quincy
Suite 501
Topeka, KS 66612
(913) 234-0076

Jim Dahmen, Exec. Vice Pres.
Mid-America, Inc.
1715 Corning
Parsons, KS 67357
(316) 421-6350

Jerry Mallot, President
Wichita Area Development
350 W. Douglas
Wichita, KS 67202
(316) 265-7771

SMALL BUSINESS ADMINISTRATION (SBA)

The Small Business Administration offers numerous methods of assistance to small businesses. Two district offices serve Kansas:

Eastern Kansas: Patrick E. Smythe, District Director
U.S. Small Business Administration
Kansas City District Office
1150 Grand Avenue
Kansas City, MO 64106
(816) 374-5868

Western and Central Kansas:
Clayton Hunter, District Director
U.S. Small Business Administration
Wichita District Office
110 East Waterman
Wichita, KS 67202
(316) 269-6273

The following is a brief description of the SBA programs:

SMALL BUSINESS LOANS

To aid small businesses unable to obtain financing in the private credit market for regular business loans and guarantees as well as economic opportunity and energy loans and loan guarantees.

LOCAL DEVELOPMENT COMPANIES (LDC'S OR 502'S)

To provide long-term financing and equity capital to small businesses through state and local development companies.

SMALL BUSINESS INVESTMENT COMPANIES (SBIC)

To make equity and venture capital available to the small business community and to socially and economically disadvantaged enterprises.

AIR AND WATER POLLUTION CONTROL LOANS

To assist small businesses meet federal air and water pollution control requirements.

POLLUTION CONTROL FINANCING GUARANTEES

To assist small businesses meet federal pollution control requirements and remain competitive.

SERVICE CORPS OF RETIRED EXECUTIVES (SCORE)
ACTIVE CORPS OF EXECUTIVES (ACE)

SCORE and ACE help small business executives solve their operating problems through a one-on-one counseling relationship by retired or semi-retired executives.

PHYSICAL DISASTER LOANS

To provide loans to help repair damage from catastrophic incidents.

OCCUPATIONAL SAFETY AND HEALTH LOANS

To assist small business concerns that are likely to suffer substantial economic hardship in efforts to comply with the Occupational Safety and Health Administration (OSHA) regulatory standards.

DISPLACED BUSINESS LOANS

To help small businesses continue in business or purchase or establish a new business location when substantial economic hardship has been experienced as a result of displacement by a government funded project.

ECONOMIC INJURY DISASTER LOANS

To assist businesses which have suffered economic hardship from any incident which results in a presidential, SBA, or Agricultural Department disaster declaration.

SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

Eight colleges and universities have formed a statewide consortium to present a proposal to begin a Small Business Development Center. The SBDC performs extensive basic business management services such as disseminating business management information and helping develop entrepreneurs. It also will perform such services as management audits, market studies, financial analysis, feasibility studies and business planning.

Contact:

Dr. Charles H. Davis
College of Business Administration
Wichita State University
Clinton Hall - Box 88
Wichita, KS 67208
(316) 689-3367

Dr. Joseph Barton-Dobenin
College of Business Admin.
Kansas State University
Calvin Hall
Manhattan, KS 66506
(913) 532-5529

Dr. Barlett J. Finney, Director
School of Business
Emporia State University
Cremer Hall - Room 502
Emporia, KS 66801
(316) 343-1200, Extension 347

Dr. Terry Mendenhall, Director
Kelce School of Business
and Economics
Pittsburg State University
Pittsburg, KS 66762
(316) 231-7000, Ext. 435

Dr. Robert C. Camp, Director
School of Business
Ft. Hays State University
McCartney Hall
Hays, KS 67601
(913) 628-5340

Dr. Marilyn Taylor, Director
School of Business
University of Kansas
Summerfield Hall - Room 302E
Lawrence, KS 66045
(913) 864-3117

David Smith, Director
Business and Economics Department
Johnson County Community College
12345 College at Quivira
Overland Park, KS 66210
(913) 888-8500

Dr. Frank A. Sotrines, Director
School of Business
Washburn University
Topeka, KS 66621
(913) 295-6305

KANSAS ENERGY EXTENSION SERVICE (KEES)

KEES provides technical assistance in energy management to energy consumers ranging from homeowners to industry. The two main areas of emphasis include the residential sector and the commercial/industrial/institutional sector. Specialists are available to respond to individual questions, make site visits to commercial, industrial, and institutional facilities and provide educational program.

Contact: Richard B. Hayter, Director
Engineering Extension Program
133 Ward Hall
Kansas State University
Manhattan, KS 66506
(913) 532-6026

KANSAS INDUSTRIAL EXTENSION SERVICE (KIES)

Assistance to Kansas industry is available through KIES. Such services as specialized workshops, conferences, publications, and responses to technical questions are offered. The laboratory facilities and faculty of the College of Engineering are available to assist manufacturing personnel, practicing engineers, and other technologists.

Contact: Richard B. Hayter, Director
Engineering Extension Program
133 Ward Hall, Kansas State University
Manhattan, KS 66506
(913) 532-6026

SMALL BUSINESS INSTITUTE (SBI)

Several Kansas colleges and universities offer the Small Business Institute program sponsored by the Small Business Administration (SBA). University and college business majors, under the guidance of a professor, generally work as teams for a minimum of a quarter or a semester. After SBA approval, a team meets regularly with the small business/owner and prepares a written report stating the problems, alternatives and suggested solutions.

Contact:

Dr. Joseph Barton-Dobenin
College of Business Administration
Kansas State University
Calvin Hall
Manhattan, KS 66506
(913) 532-5529

Dr. Kenneth Hoffman
School of Business
Emporia State University
Cremer Hall - Room 311
1200 Commercial
Emporia, KS 67801
(316) 343-1200, Extension 225

Dr. Marilyn Taylor, Director
School of Business
University of Kansas
Summerfield Hall - Room 302E
Lawrence, KS 66045
(913) 864-3117

J. Dale Peier
School of Business
Ft. Hays State University
McCartney Hall - Room 216
Hays, KS 67601
(913) 628-4201

Dr. Terry Mendenhall, Director
Kelce School of Business and
Economics
Pittsburg State University
Pittsburg, KS 66762
(316) 231-7000, Extension 435

Susan K. Osborne
Department of Business Admin.
Kansas Newman College
3100 McCormick Avenue
Wichita, KS 67213
(316) 942-4291

Dr. Ray Siehndel
School of Business
Washburn University
Topeka, KS 66621
(913) 295-6305

Dr. Roy Smith, Jr.
Department of Business
Sterling College
Sterling, KS 67579
(316) 278-2173

Bruce Trexley
Department of Business
Bethany College
Lindsborg, KS 67456
(913) 227-3311

Dr. Charles H. Davis
College of Business Admin.
Wichita State University
Clinton Hall - Box 88
Wichita, KS 67208
(316) 689-3367

SMALL BUSINESS INNOVATION RESEARCH (SBIR)

The Small Business Innovation Research (SBIR) program requires ten federal agencies with research and development budgets of \$100 million or more to set aside a fixed percentage of their budgets for use by small businesses. The program is designed to encourage small businesses to conduct research and development leading to the production of new commercial products and services.

Contact: Glen Davis, Regional Advocate
U.S. Small Business Administration
911 Walnut
Kansas City, MO 64106
(816) 374-3210

RESEARCH MATCHING GRANT PROGRAM

The Kansas Advanced Technology Commission will accept proposals for matching grants for cooperative research projects between industry and Kansas research institutions. The intent of the program is to stimulate research and technological innovation in order to create jobs, induce investment, and improve Kansas' competitive position in growth industries of the future. Each state grant must be matched at least 150% by private sources.

Contact: Kevin Carr
Kansas Advanced Technology Commission
503 Kansas Ave., 6th Floor
Topeka, KS 66603
(913) 296-5272

URBAN DEVELOPMENT ACTION GRANT (UDAG)

The purpose of an Urban Development Action Grant is to help cities and urban counties stimulate economic development activity needed to aid in local economic recovery. This is done through a combination of public and private investments in economic development projects. Funds may be used for site improvements, new construction, industrial and commercial rehabilitation, water mains and sewers, machinery and fixed equipment.

Contact: Jacqueline Tomlin
Economic Development Specialist
Department of Housing and Urban Development
1103 Grand Avenue
Kansas City, MO 64106
(816) 374-6090

BUSINESS AND INDUSTRIAL LOAN PROGRAM

The Farmers Home Administration (FmHA), through its Business and Industrial Loan Program, guarantees loans from local lenders to businesses and industries to benefit rural areas. A primary purpose of the program is to create and maintain employment and improve the economic and environmental climate in rural communities.

Contact: Harold Long, Chief, Business and Industry
Farmers Home Administration
Federal Building - Room 176
444 Southeast Quincy
Topeka, KS 66683
(913) 295-2874

BUSINESS DEVELOPMENT ASSISTANCE

The Economic Development Administration (EDA) administers a program to provide financial assistance in the form of direct loans, purchase of evidences of indebtedness, loan guarantees and guarantees of rental repayments of leases to help solve the job and income problems in areas of high unemployment or low family income. Business development assistance is limited to operations in designated areas or development districts.

Contact: George Del Fuoco
Business Development Division
Economic Development Administration
Rocky Mountain Regional Office
333 West Colfax Ave., Ste. 300
Denver, CO 80202
(303) 837-4474

KANSAS DEVELOPMENT CREDIT CORPORATION (KDCC)

The Kansas Development Credit Corporation was created to meet the long and short term financial needs of Kansas business and industry. It supplements existing sources of credit to foster new or expanding business and industry. The KDCC operates by borrowing money from more than 400 member Kansas banks. Loans from these funds can be made to companies which could not secure financial assistance from conventional lenders.

Contact: George L. Doak, President
Kansas Development Credit Corporation, Inc.
First National Bank Towers
One Townsite Plaza, Suite 1030
Topeka, KS 66603
(913) 235-3437

KANSAS VENTURE CAPITAL, INC.

The Kansas banking community and Kansas Development Credit Corporation (KDCC) have formed Kansas Venture Capital, Inc., a Small Business Investment Company (SBIC). An SBIC is a privately owned, for-profit financing device for providing debt/equity capital to small business. Funds can be used for such needs as working capital, purchase of equipment, debt restructuring, business expansion, and acquisition of shareholder or partner interest.

Contact: George L. Doak, President
Kansas Venture Capital, Inc.
First National Bank Towers
One Townsite Plaza, Suite 1030
Topeka, KS 66603
(913) 233-1368

MINORITY ENTERPRISES SMALL BUSINESS INVESTMENT COMPANY

Central Systems Equity Corporation is a Minority Enterprise Small Business Investment Company (MESBIC), a privately owned, for-profit financing device for providing debt/equity capital to qualifying minority entrepreneurs. Funds can be used for such needs as working capital, purchase of equipment, debt restructuring, business expansion, and acquisition of shareholder or partnership interest.

Contact: Clarence Wesley, President
Tony Hardrick, Senior Vice-President
Central Systems Equity Corporation
1743 North Hillside
Wichita, KS 67214
(316) 683-9004

LEAGUE OF KANSAS MUNICIPALITIES

The League of Kansas Municipalities is a voluntary, non-partisan federation of Kansas cities. One of the primary functions of the League is to provide local government information, research services and technical assistance on community development programs including legal advice, schools and training courses and publications.

Contact: E. A. Mosher, Executive Director
League of Kansas Municipalities
112 West 7th Street
Topeka, KS 66603
(913) 354-9565

REGIONAL PLANNING COMMISSIONS

The Regional Planning Commissions are associations of local governments established in Kansas by interlocal agreement. They serve their constituent jurisdictions in a variety of ways, and serve at the direction of these local governments. While all are multi-functional in the services provided, the local associations differ from each other in programs offered. All provide some form of direct technical assistance, grant development and economic development.

Contact:

Leroy Lyon, Exec. Director
Northwest Kansas Planning and
Development Commission
P. O. Box 248
Hill City, KS 67642
(913) 674-2151

Jerry W. Keene, Exec. Director
Chikaskia, Golden Belt & Indian
Hills (CGI) Assoc. of Local
Governments
P. O. Box 906
Pratt, KS 67124
(316) 672-5541

Gary Graham, Exec. Director
North Central Regional Plng. Comm.
Municipal Building
Beloit, KS 67420
(913) 738-2218

Peter S. Levi, Exec. Director
Mid-America Regional Council
20 W. 9th St., 3rd Fl.
Kansas City, MO 64105
(816) 474-4240

Ethan Kaplan, Exec. Director
Southeast Kansas Regional
Planning Commission
P. O. Box 664
Chanute, KS 66720
(316) 431-0080

Robert A. Lakin, Exec. Director
Central Plains Tri-County
Planning Committee
455 N. Main, 10th Fl.
Wichita, KS 67202
(316) 268-4561

Joni Fish, Exec. Director
Big Lakes Regional Plng. Council
1006 Poyntz
Manhattan, KS 66502
(913) 776-4859

Jean Waltemath, Exec. Director
Mo-Kan Regional Council
1302 Faraon
St. Joseph, MO 64501
(816) 233-3144

APPENDIX
SECTION I
INDUSTRIAL DIRECTORIES

Directory of Kansas Manufacturers and Products, 1985, \$25.00
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

Kansas Minority Business Directory, 1984, 56 pp. Complimentary
Minority Business Division
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

Kansas Manufacturers and Products in Export, 1983-84. Complimentary
International Development Section
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

Directory of Kansas Job Shops, 1984, Complimentary
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

Directory of Kansas Warehouse & Distribution Centers, Complimentary
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

Firms Headquartered in Kansas, Annual, Complimentary
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

SECTION II
STATISTICAL ABSTRACTS

Kansas Statistical Abstracts, 1982-83, 280 pp., \$11.00 + \$1.00 postage
Center for Public Affairs
607 Blake Hall
The University of Kansas
Lawrence, Kansas 66045

SECTION III
RESEARCH INFORMATION

Guide to Starting A Business in Kansas, 1984. Complimentary
Development Division
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

A Guide For Doing Business With The State of Kansas, 1981, 8 pp. Complimentary
Minority Business Division
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor, Topeka, Kansas 66603

SECTION IV
MISCELLANEOUS PUBLICATIONS

KANSAS! Quarterly Magazine, annual subscription, \$6.00
KANSAS TOO!, 6 issues per year, annual subscription, \$2.50
Kansas New and Expanding Manufacturers, annual, Complimentary
Kansas Fortune 500 Companies, biennial, Complimentary
Directory of Kansas Associations, annual, Complimentary

Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603

Kansas Community Profiles. Individual four-page profiles provide a brief economic picture of Kansas communities. The information provided gives a general review of economic and demographic conditions, community services, educational facilities, property taxes, work forces, major employers, available industrial sites and community economic development contacts. The information is useful for visitors, residents, potential investors, government agency representatives, and professional economic developers.

Perspectives..Kansas Business, A series of short pamphlets that provide a brief but comprehensive look at the State of Kansas. The information is of general interest, but aimed primarily toward the interests of potential investors, businessmen and industrial developers. Topical reports are:

Kansas/General; Kansas Taxes/Incentives; Kansas/Labor; Kansas/Finance;
Kansas/Training; Kansas/Utilities, Complimentary

Kansas Economic Development Statutes, 1984. A compendium of statutes organized primarily for use by individuals involved in industrial promotion, development, or location activities within the state. The three sections of the document look at statutes relating to the state, county, and community levels of economic development. Complimentary.

Community Guide to Industrial Development: A "How-To" developed for communities interested in organizing and carrying out a program to attract new industry.

Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603

SECTION VI
ECONOMIC PLANNING DATA - MISCELLANEOUS

Dimensions of the Kansas Economy, June, 1981, 45 pp. Complimentary
Perceptions of the Kansas Economy, May, 1981, 47 pp. Complimentary
Perceptions of the Kansas Urban Economy, May, 1982, 63 pp. Complimentary
Development Atlas 1978-1979, Part II, January, 1979, 78 pp. Complimentary

Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603

World Markets for Kansas Products, September, 1978, 55 pp. The publication, which is the executive summary, specifies both the recent and past import demand for Kansas products. Also included is a forecast through 1980 of import demands. In addition, there is information on the competition in the individual markets for each of the products as well as a five-year forecast of competition from world manufacturers in 28 major trading countries. This study was prepared for Kansas by the Southern Consortium for International Education, Inc., located at Georgia State University, Atlanta, Georgia.

Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603

SECTION VIII
RESEARCH MEMORANDUM SERIES

1979 EDITIONS

1. The Kansas Manufacturing Export Economy, 11 pp., Complimentary
2. Minorities in Kansas Development, 20 pp., Complimentary
3. Evaluating the Socio-Economy, 24 pp., Complimentary
4. Kansas' Manufacturer's Outlook, 1979-1983, 16 pp., Complimentary
5. Kansas Agriculture: Aid to Kansas, The Nation, and the World, 7 pp., Complimentary
6. The Economic Impact of Travel on Kansas, 20 pp., Complimentary

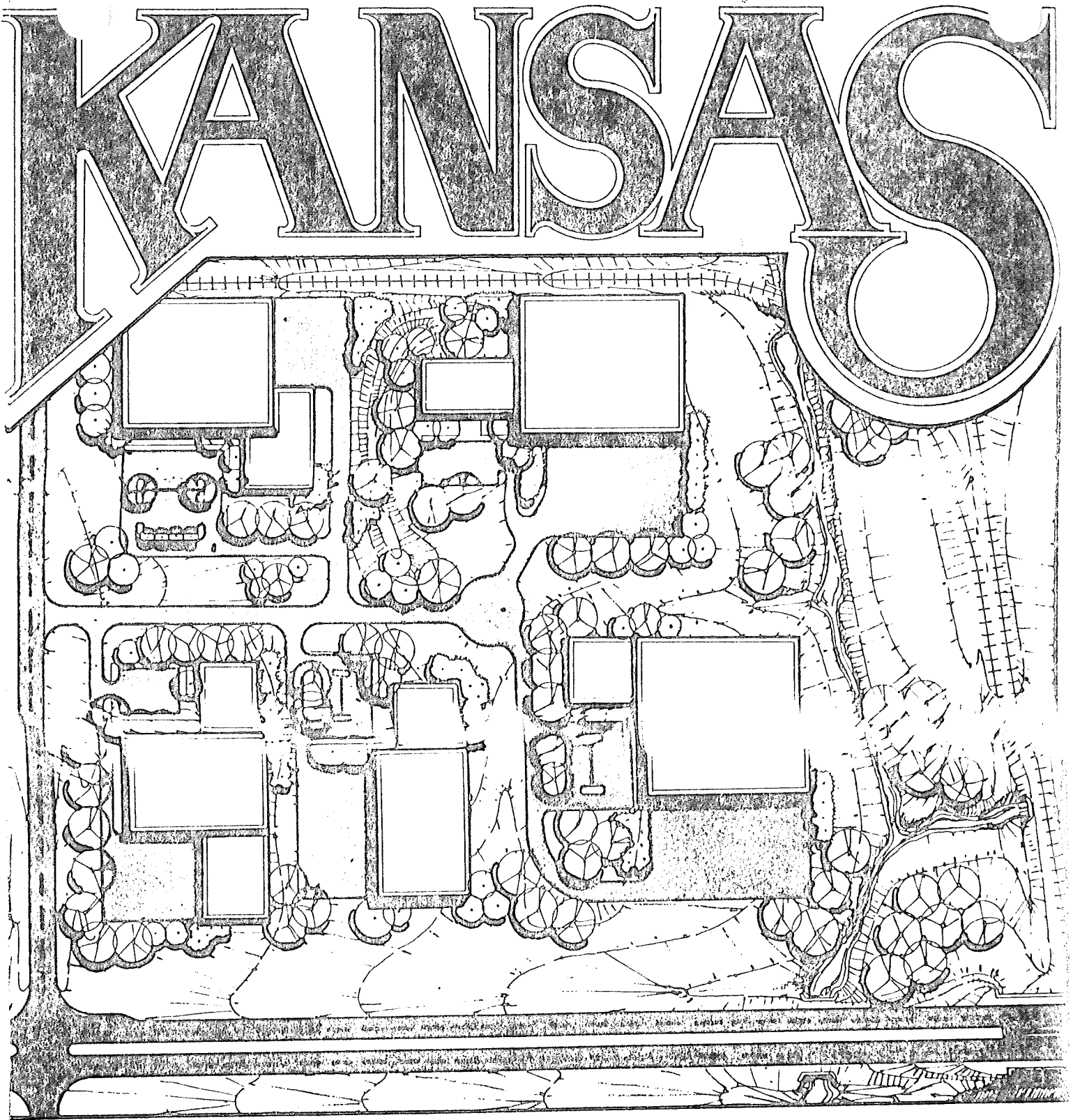
1981 EDITIONS

7. Population Trends in Kansas: Decade of the Seventies, 28 pp., Complimentary
8. Travel-Generated Impact Upon Kansas, 16 pp., Complimentary

1983 EDITION

9. Business Outlook 1983, 12 pp., Complimentary

Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603



KANSAS ENTERPRISE ZONES

A Guide To Kansas' Newest
Economic Development Tool

Kansas Department of Economic Development

KANSAS ENTERPRISE ZONES
A GUIDE TO KANSAS' NEWEST ECONOMIC DEVELOPMENT TOOL

March, 1985

Direct applications to:
Mr. Charles J. Schwartz, Secretary
KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603

Direct questions to:
Division of Planning and Community Development
KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
913-296-3485

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INTRODUCTION

The 1982 session of the Kansas Legislature passed the Kansas Enterprise Zone Act to "expand and renew the local economy and improve the social and economic welfare of residents in economically distressed zone areas located within the cities of Kansas." The Kansas Enterprise Zone Act allows qualified business and industry located in an approved enterprise zone to take enhanced Job Expansion and Investment tax credits and refunds of Kansas sales taxes on specified capital improvements.

Cities which meet basic criteria may designate an area of their city wherein these incentives are available for new or expanding businesses and industries.

ECONOMIC BENEFITS

The purpose of an Enterprise Zone is to renew the local economy and improve social and economic welfare of Kansans by providing incentives to business and industry to create new jobs and sources of income which will benefit the community. These economic benefits include:

- * increased personal income
- * increased assessed property values
- * increased retail sales
- * increased bank deposits

PURPOSE OF THIS GUIDE

This guide will explain the advantages of an Enterprise Zone, incentives to businesses and industries locating or expanding in a zone area, and the process by which a city may designate an enterprise zone.

Businesses and industries, should refer to the Kansas Department of Revenue publication: Incentives for Business and Job Development, for information on how to qualify for and claim the income tax credits and sales tax refunds. This booklet can be obtained by contacting the Department of Revenue, Director of Taxation, (913) 296-3044 or the Department of Economic Development, Division of Planning & Community Development, (913) 296-3485.

1 INCENTIVES

- 1) JOB CREATION TAX CREDIT OF \$350 for each new employee who resides in Kansas.
- 2) JOB CREATION TAX CREDIT OF \$500 for each new employee who resides in Kansas and is a member of a targeted group of disadvantaged individuals as defined in section 38 (formerly section 44B) of the IRS code.
- 3) INVESTMENT TAX CREDIT OF \$350 for each \$100,000 in qualified new investment.
- 4) REFUND OF ALL SALES TAXES PAID on the purchase of tangible personal property or services purchased for the purpose of and in conjunction with constructing, reconstructing, enlarging, or remodeling a new business facility located within an enterprise zone which qualifies for an income tax credit.
- 5) EXTENSION OF PROVISIONS OF TAX INCREMENT FINANCING to enterprise zones, except for eminent domain.
- 6) REVIEW AND POSSIBLE MODIFICATION OR ELIMINATION OF THOSE RULES AND REGULATIONS which may negatively impact the economic viability of enterprise zones.
- 7) PREFERENCE IN THE PROVISION OF STATE PROGRAMS, FUNDS AND SERVICES is given to businesses and other local incentive projects located in enterprise zones which impact their economic viability.
- 8) LOCAL INCENTIVES are provided by the governing body of the city in which the enterprise zone is located.

DESCRIPTION OF INCENTIVES

A number of incentives in the way of tax credits, tax refunds, tax increment financing and special treatment to business and industry locating or expanding in a designated enterprise zone are offered.

A maximum of 50% of a business' Kansas tax liability can be used for the cumulative tax credits available in each eligible year. Tax credits cannot be carried over to succeeding years.

The designation of an Enterprise Zone should enhance a community's recruiting efforts for new industries or expansion of existing industries. This in turn will help relieve "distress factors" by creating new jobs and investment. At least one local incentive (public or private) is required by the locality prior to the approval of an enterprise zone.

1) JOB CREATION TAX CREDIT

The Enterprise Zone Act allows a job creation tax credit of \$350 per year for each employee (minimum of two) for a new business within an enterprise zone for a maximum of ten years. These tax credits may be deferred for up to three years. Job creation tax credits apply only for employees who are residents of Kansas.

This compares to the current job creation tax credit of \$100 per new employee under the Job Expansion and Investment Credit Act of 1976 in non enterprise zone areas of Kansas.

Existing businesses expanding or building a replacement facility in an enterprise zone may take a \$350 job creation tax credit for each new employee. "New employees" are those above the "employee base" which is calculated by averaging the preceding three years annual employment of a firm. The business must have two or more "new employees" over their employee base to be eligible for the tax credit. To qualify as an expansion, or replacement facility, the business facility must also meet the investment criteria as set out in the statutes.

The expanding business, just as the new business, may use this tax credit for up to ten years. To continue claiming the tax credits after the initial qualification, the employee requirements must be maintained.

2) ADDITIONAL CREDIT FOR TARGETED INDIVIDUALS

In the case of either a new business or an existing business expanding in an enterprise zone, an additional \$150 tax credit per new employee -- total of \$500 -- is allowed if the new employees meets the criteria for targeted individuals contained in section 38 (formerly section 44B) of the Internal Revenue Service (IRS) Code.

3) INVESTMENT TAX CREDIT

Businesses in a designated enterprise zone -- new or existing -- are eligible for an investment tax credit of \$350 for each \$100,000 or major fraction thereof in qualified new business facility investment. The tax credit may not exceed fifty percent (50%) of the business's Kansas income tax liability.

The Enterprise Zone Act investment credit of \$350 per \$100,000 of investment is a substantial increase over the 1976 Job Expansion and Investment Credit Act's \$100 allowances per \$100,000 investment for new facilities or \$50 allowance per \$100,000 investment for expansion of existing facilities created prior to January 1, 1982, in non-enterprise zone areas.

4) SALES TAX REFUND

Sales taxes paid on the purchase of certain tangible personal property are refundable for new or expanding businesses in enterprise zones. Eligible activities include materials and labor involved in construction, reconstruction, enlarging or remodeling of a business facility and sales taxes paid on the sale and installation of machinery and equipment purchased.

5) EXTENSION OF TAX INCREMENT FINANCING

The concept of tax increment financing is extended to enterprise zones (with the exception of eminent domain provisions if outside the central business district - CBD). Tax increment financing enables governing bodies to purchase blighted buildings for improvement or new construction and to pay for the improvements with the incremental increase of ad valorem revenue (property taxes) generated from the increased values of the property.

6) MODIFICATION OR ELIMINATION OF RULES AND REGULATIONS

Enterprise zones may qualify for review and possible modification or elimination of those rules and regulations which may negatively impact the economic viability of the zone area.

7) PREFERENTIAL TREATMENT BY STATE PROGRAMS

Preference is given to enterprise zones and businesses and other local incentive projects located in enterprise zones in the provisions of state programs, funds and services which impact the economic viability of enterprise zones.

8) LOCAL INCENTIVES

At least one local incentive is required to be provided to all businesses within an enterprise zone. Local incentive(s) are expected to provide financial incentives to an industry or business to locate or expand in the enterprise zone or assistance in cutting through the red tape of new construction as it creates a barrier to economic growth.

Cities are encouraged to use their ingenuity and imagination in determining what their local incentives will be. The Enterprise Zone Act suggests the following as examples of local incentives:

- financial assistance
- job training
- targeted capital improvements
- local inspection fee waivers
- employee child care

NOTE: A chart detailing the minimum requirements to receive the income tax credits and sales tax refund can be found in the Appendix.

2 ELIGIBILITY

An area to be designated as an enterprise zone must meet the requirements of the Kansas Enterprise Zone Act by one of two methods. Both methods will be discussed with a description of the information that is to be provided to the Department of Economic Development in support of a Kansas enterprise zone designation.

METHOD I: UDAG CERTIFICATION

A city which is eligible to apply for federal assistance under the Urban Development Action Grant (UDAG) program of the U.S. Department of Housing and Urban Development should use this method in submitting a resolution for establishing an enterprise zone. (Requirements for UDAG eligibility are set forth in Section 119 of the Housing and Community Development Act of 1974. A current list of UDAG eligible cities is published periodically in the Federal Register.)

CRITERIA AND SUPPORTING INFORMATION

<u>Criteria</u>	<u>Supporting Information Required</u>
1a. The area(s) is within the corporate limits of a city; 1b. The land area within an industrial park located outside the corporate limits of the city; 1c. The total area does not exceed 25% of the land area of the city; 1d. The boundary of the area(s) is continuous and includes, if feasible, vacant or underutilized lands or buildings which are easily accessible to residents of the area; <u>AND</u>	1. A map delineating the corporate limits of the city, including the boundary of the proposed area(s) and vacant or underutilized lands or buildings which exist in the area(s). Certification that the industrial park was established and existing prior to April 28, 1983 (the effective date of the 1983 amendment).
2. The area population does not exceed 25% of the total city population; <u>AND</u>	2. The population of the area(s) shall be documented using the most recent census or local survey.

3. The area is located wholly within a city which meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974; AND

3. Section 119 of the Housing and Community Development Act of 1974 describes the Urban Development Action Grant(UDAG). If a city proposing an area to be designated as an enterprise zone qualifies as a UDAG eligible city, evidence of certification from the Department of Housing and Urban Development (HUD) shall be submitted.

4. The legal counsel for the city has reviewed the law and the supporting evidence and certifies it is true and correct.

4. A written opinion.

METHOD II: MEASURES OF DISTRESS

The second method of meeting the requirements to establish an enterprise zone is by using measures of distress to show that the proposed area qualifies as an enterprise zone.

Distress measures to be considered include documenting that at least one each from the following two groups of distress criteria exists in the proposed zone area:

Group I - (at least one)

- 1. High unemployment
- 2. Low income
- 3. Population decrease

Group II - (at least one)

- 1. Deterioration, abandonment or demolition of structures
- 2. Substantial tax arrearages

CRITERIA AND SUPPORTING INFORMATION

Criteria

Supporting Information Required

- 1a. The area(s) is within the corporate limits of a city;
 - 1b. Land area within an industrial park located outside the corporate limits of the city;
 - 1c. The boundary of the area is continuous and includes, if feasible, vacant or underutilized lands or buildings which are easily accessible to residents of the area;
 - 1d. The total area does not exceed 25% of the land area of the city;
- AND

- 1. A map delineating the corporate limits of the city, including the boundary of the proposed area(s) and vacant or underutilized lands or buildings which exist in the area(s).

Certification that the industrial park was established and existing prior to April 28, 1983.

2. The area population does not exceed 25% of the total city population; AND

3. Widespread poverty, unemployment, and general distress is determined by meeting one of following:

a) The average rate of unemployment in the area for the most recent eighteen-month period for which data is available was at least 1.5 times the average state rate of unemployment for such eighteen-month period; OR

b) At least 70% of the residents living in the area have incomes below 80% of the median incomes of the residents of the city as determined under the provisions of Section 119(b) of the Housing and Community Development Act of 1974; OR

c) The population of the area decreased by 10% or more between 1970 and 1980.
AND

4. One of the following shall be met:

a) The governing body of the city finds that there is substantial deterioration, abandonment, or demolition of commercial and residential structures in the area(s); OR

b) The governing body of the city finds that there are substantial tax arrearages on commercial or residential structures in the area(s).
AND

5. The legal counsel for the city has reviewed the law and the supporting evidence and certifies it is true and correct.

2. The population of the area shall be provided using the most recent census or local survey.

a) State rates of unemployment are available from the Employment Security Office of the Department of Human Resources. Alternatively, local rates may be estimated from local surveys, or unemployment rates in the latest available census may be used, keeping the local/county rates ratio constant over time.

b) Evidence of incomes will be provided based on latest available federal census information or can be determined by local surveys.

c) Evidence of population changes will be provided based on the 1980 federal census information or local survey.

a) A resolution supporting this finding shall be provided by the governing body.

b) A resolution supporting this finding shall be provided by the governing body.

5. A written opinion.

PROCESS FOR HAVING AN AREA DESIGNATED AS AN ENTERPRISE ZONE

GOVERNING BODY OF A CITY SUBMITS A RESOLUTION WITH SUPPORTING EVIDENCE TO THE SECRETARY OF THE DEPARTMENT OF ECONOMIC DEVELOPMENT

SECRETARY DISAPPROVES RESOLUTION BY WRITTEN FINDINGS OF FACT

SECRETARY NOTIFIES GOVERNING BODY OF CITY

SECRETARY APPROVES RESOLUTION BY WRITTEN FINDINGS OF FACT

SECRETARY NOTIFIES GOVERNING BODY OF CITY

SECRETARY TRANSMITS FINDINGS AND APPROVAL TO ALL AFFECTED STATE AGENCIES AND DEPARTMENTS AND NOTIFIES SUCH AGENCIES AND DEPARTMENTS THAT PROVISIONS OF SECTION 5 SHALL BE EFFECTIVE FOR THE AUTHORIZED ENTERPRISE ZONE.

NO ACTION TAKEN, RESOLUTION DEEMED APPROVED

SECRETARY NOTIFIES GOVERNING BODY OF CITY

SECRETARY TRANSMITS WRITTEN NOTICE OF THE AUTOMATIC APPROVAL TO ALL AFFECTED STATE AGENCIES AND DEPARTMENTS AND NOTIFIES SUCH AGENCIES AND DEPARTMENTS THAT PROVISIONS OF SECTION 5 SHALL BE EFFECTIVE FOR THE AUTHORIZED ENTERPRISE ZONE.



FLOW CHART 3

6

4 DOCUMENTATION

Regardless of the method of qualification, a plan must be prepared describing how the enterprise zone will eliminate economic distress.

A plan should include the following (accompanied by documentation):

- * A resolution from the governing body of the city
- * At least one local incentive
- * A schedule for implementation of local incentive(s)
- * Five copies of the enterprise zone map
- * The land area calculation
- * The population calculation
- * For Method II cities (measures of distress): show documentation of distress criteria selected for use

PLAN SUBMITTED

The governing body of a city seeking to establish an enterprise zone shall submit to the Secretary of the Kansas Department of Economic Development a plan including a resolution designating the area to be approved as an enterprise zone.

PLAN APPROVAL OR DISAPPROVAL

The Secretary will review the plan and any evidence submitted with it to determine whether the designation meets the criteria. The Secretary will approve or disapprove the plan by written findings of fact and notify the governing body of the city submitting the plan of the determination.

If upon expiration of a thirty-day period, the Secretary has taken no action, the designated enterprise zone is deemed approved.

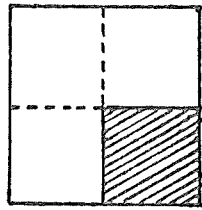
STATE AGENCIES NOTIFIED

Upon approval of an enterprise zone, the Secretary shall transmit the findings and approval to all affected state departments and agencies and notify them that the provisions of the Enterprise Zone Act shall be effective for the designated area.

LAND AREA CALCULATION

There are three possible combinations for calculating the land area for an enterprise zone.

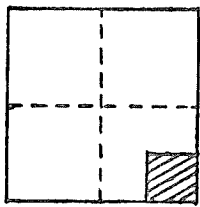
(1) ENTERPRISE ZONE AREA IS LOCATED WHOLLY WITHIN THE CITY LIMITS:



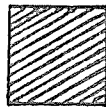
CITY
Zone: 1 unit

Land area of the City	4.000 units
Maximum percent	<u>x 25 %</u>
MAXIMUM AREA FOR ENTERPRISE ZONE	1.000 unit

(2) ENTERPRISE ZONE AREA INCLUDES THE WHOLE AREA OF AN EXISTING AND ESTABLISHED INDUSTRIAL PARK LOCATED OUTSIDE OF THE CITY LIMITS:



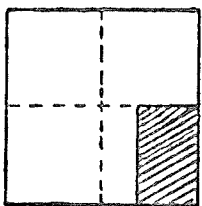
CITY
Zone: .25 unit



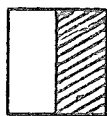
INDUSTRIAL
PARK: 1.0 unit
(outside
corporate
limits)

Land area of the City	4.000 units
Land area in Industrial Park	<u>1.000 unit</u>
Total Land area	5.000 units
Maximum percent	<u>x 25 %</u>
Maximum area for Enterprise Zone	1.250 units
100% of area outside corporate limits	<u>-1.000 unit</u>
MAXIMUM AREA FOR ENTERPRISE ZONE INSIDE CORPORATE LIMITS	0.250 unit

(3) ENTERPRISE ZONE AREA INCLUDES A PORTION (50% IN THIS EXAMPLE) OF THE AREA OF AN INDUSTRIAL PARK LOCATED OUTSIDE OF THE CITY LIMITS:



CITY
Zone: .625 unit



INDUSTRIAL
PARK: .5 unit
(outside
corporate
limits)

Land area of the City	4.000 units
Land area in Industrial Park	<u>.500 unit</u>
Total Land area	4.500 units
Maximum percent	<u>x 25 %</u>
Maximum area for Enterprise Zone	1.125 units
100% of area outside corporate limits	<u>-0.500 unit</u>
MAXIMUM AREA FOR ENTERPRISE ZONE INSIDE CORPORATE LIMITS	0.625 unit

The law provides for multiple areas within an enterprise zone so long as the total zone area does not exceed 25% of the land area or 25% of the population of the city. For purposes of calculating the distress factors the same holds true: the net aggregate loss of population, percent of poverty or percent of unemployed will be considered.

SAMPLE RESOLUTION: METHOD I (UDAG CERTIFICATION)

A RESOLUTION requesting that an area in the City of _____ be designated as an enterprise zone authorized by K.S.A. 12-17, 109; 12-17, 110; 12-17, 112; 79-32, 153; 79-3641.

WHEREAS, The area bounded by _____ is in the corporate limits of _____; and by _____ is in an established (prior to April 28, 1983) and existing industrial park located outside the corporate limits (both are located on the attached maps); and

WHEREAS, The area of the zone is _____ acres which is _____ % of the land area of the city; and

WHEREAS, The area has a population of _____ persons which is _____ % of the total 1980 city population; and

WHEREAS, The area is located wholly within a city which meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974; and

WHEREAS, The (governing body of the city) has considered the eligibility requirements and certifies the correctness of supporting evidence; and

WHEREAS, The legal counsel for (governing body of the city) has provided a written opinion of conformance to the law for designation as an enterprise zone: NOW, THEREFORE;

BE IT RESOLVED by the (governing body of the city) of the City of _____: That the area defined herein meets the requirements for designation as an enterprise zone; and

BE IT FURTHER RESOLVED: That the Secretary of the Department of Economic Development is hereby requested to approve this area as an authorized enterprise zone consistent with Kansas Statutes Annotated.

NOTE: For cities that have existing enterprise zones, it is necessary to rescind the resolution designating the existing zone, contingent upon approval of the newly designated enterprise zone and include documentation for the TOTAL new zone.

SAMPLE RESOLUTION: METHOD II (MEASURES OF DISTRESS)

A RESOLUTION requesting that an area in the City of _____ be designated as an enterprise zone authorized by K.S.A. 12-17, 109; 12-17, 110; 12-17, 112; 79-32, 153; 79-3641.

WHEREAS, The area bounded by _____ is in the corporate limits of _____, and by _____ is in an established (prior to April 28, 1983) and existing industrial park located outside the corporate limits (both are located on the attached maps); and

WHEREAS, The area has a population of _____ persons which is _____ % of the total 1980 city population; and

WHEREAS, The area of the zone is _____ acres which is _____ % of the land area of the city; and

(Choose one of the following three)

(1) WHEREAS, The population of the area decreased by 10% or more between 1970 and 1980; and

(2) WHEREAS, The average rate of unemployment in the area for the most recent eighteen-month period for which data is available was at least 1.5 times the average state rate of unemployment for such eighteen month period; and

(3) WHEREAS, At least 70% of the residents living in the area have incomes below 80% of the median incomes of the residents of the city as determined under the provisions of Section 119(b) of the Housing and Community Development Act of 1974; and

(Choose one of the following two)

(1) WHEREAS, (governing body of the city) finds there is substantial deterioration, abandonment or demolition of commercial and residential structures in the area; and

(2) WHEREAS, (governing body of the city) finds there are substantial tax arrearages on commercial or residential structures in the area(s); and

WHEREAS, (governing body of the city) has considered the eligibility requirements and certifies the correctness of the supporting evidence; and

BE IT RESOLVED BY THE (governing body of the city) of the City of _____: That the area defined herein meets the requirements for designation as an enterprise zone; and

BE IT FURTHER RESOLVED: That the Secretary of the Department of Economic Development is hereby requested to approve this designated area as an authorized enterprise zone consistent Kansas Statutes Annotated.

NOTE: For cities that have existing enterprise zones, it is necessary to rescind the resolution designating the existing zone, contingent upon approval of the newly designated enterprise zone and include documentation for the TOTAL new zone.

BUSINESS AND JOB CREDITS

	New Facility (1)	Expansion of Facility (2)	Replacement Facility (3)
Minimum Requirements			
Employees	Average 2 or more	Average 2 or more above the 3 prior years average	Average 2 or more above the 3 prior years average
Investment	No minimum	100 % increase over original investment OR \$1,000,000.00 (whichever is less)	300 % increase over 3 prior years average OR \$3,000,000.00 (Whichever is less) AND must have been doing business more than 3 of the last 5 years.

16

JOB EXPANSION AND INVESTMENT CREDIT ACT OF 1976

IF a facility (1,2,3) was established prior to January 1, 1982, the credit, not exceeding 50% of the income tax for the taxable year, shall be \$50 for each new business facility employee AND \$50 for each \$100,000, or major fraction thereof, in new business facility investment

IF a facility (1,2,3) was established on or after January 1, 1982, the credit, not exceeding 50% of the income tax for the taxable year, shall be \$100 for each new business facility employee AND \$100 for each \$100,000, or major fraction thereof, in new business facility investment

ENTERPRISE ZONE ACT OF 1982 (Amended 1983)

IF facility (1,2,3) is established WITHIN a designated enterprise zone, the tax credit, not exceeding 50% of the income tax for the taxable year, shall be \$350 for each new employee or \$500 for each targeted jobs group (44B IRS) AND \$350 per \$100,000, or major fraction thereof, AND all sales tax paid on the sale of tangible personal property or services which qualifies for an income tax credit shall be refunded.

FOR SPECIFIC DETAILS PLEASE REFER TO K.S.A. 79-32, 153; 79-3641; 12-17, 109; 12-17, 110; 12-17, 112

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
Division of Planning and Community Development
913-296-3485

REPORT
TO
KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
ON THE COMMUNITY RESOURCE PROGRAM

July 1, 1985 - December 31, 1985

Judith Snodgrass, Program Director
University for Man
Division of Continuing Education
Kansas State University
Manhattan, Kansas 66502

February 15, 1986

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Attachment B - Program Director's Activities

Attachment C - Program Evaluation

Section 1 - Grass Roots Report

Section 2 - Program Date

Attachment D - Rural Report Publication

Attachment E

Section 1 - Map of C.R.A. Programs Funded

Section 2 - Population Range of Existing C.R.A. Programs

CONCLUSIONPage 2

INTRODUCTION

The Community Resource Program has completed six years of steady growth across the state of Kansas. The programs are modeled after the free university concept of community-based education, by which citizens identify and respond to their learning needs.

DEFINITION

The free university model of community education is based upon the historic approach of communities educating their own. Education can go anywhere and be taught by anyone. In every community there are those with a special skill or talent and those who would like to learn. The Community Resource Programs, then serve as learning connections. The programs are autonomous and involve local people at all levels of initiation, implementation, maintenance, and evaluation. This broad community base provides input for decision making from organizations involved in community education (e.g., schools, libraries, cooperative extension, recreation departments, PRIDE Programs, community colleges, etc.). This process attempts to reduce needless duplication and competition of services and to maximize the resources both public and private which are already available locally. This process is in response to the cultural, social, recreational, and educational needs of the total community. The interest of this process is to enhance the quality of life in all communities with grants-in-aid from the Community Resource Act.

GOALS AND OUTCOMES

The goals of the Community Resource Program are listed below and the respective outcomes are reflected in the appropriately referenced attachments.

1. Statewide dissemination of information on the Community Resource Program through publicity strategies.
(See Attachment A)
2. To actively solicit grant applications (See Attachment B).
3. Provide consultation assistance to local organizations in the establishment, operation and coordination of Community Resource Programs (See Attachment B).
4. All programs have accomplished the contractual obligations with the grant agency (KDED) and appropriately extended the state monies in all budget categories. The program director has evaluated each community (see attachment C, section 1 and 2) based upon a review of the periodic reports, site visits, written and verbal communications.

A. Technical Assistance

- (1) Publications (See Attachment D)
 - (2) Site Visits (See Attachment B)
 - (3) Program Data (See Attachment C)
 - (4) Conduct studies; gather and disseminate information relating to materials, resources, procedures, and personnel which are available for use in Community Resource Programs.
5. Evaluation of Community Resource Programs (See Attachment C).
 6. Map of Community Resource Act Programs (1980-1985)
(See Attachment E, Section 1)
 7. Population Range of Community Resource Act Communities
(See Attachment F, Section 1)

CONCLUSION

This report is intended to describe the Community Resource Program in terms of a process rather than a program of activities. The goal of this process is to enrich the quality of life in the community through increased opportunities for community and social development, cultural and recreational activities which stimulate life-long learning by serving educational needs for individuals of all ages and economic levels.

ATTACHMENT A

DISSEMINATION OF PROGRAM INFORMATION

1. See Attachment B - Program Director's Activities
2. See Attachment C - Rural Education Publication

ATTACHMENT B

PROGRAM DIRECTOR'S ACTIVITIES

ATTACHMENT B

PROGRAM DIRECTOR'S ACTIVITIES

A schedule of site visits and conferences attended by the Program Director are listed below. The site visits were for the purpose of soliciting grant applications, pre-grant advisement, and on-site technical assistance for communities with grants from the Community Resource Program. The conferences and meetings listed were to disseminate information about the Community Resource Program to community educators and community leaders, encouraging an exchange of programming information.

<u>DATE</u>	<u>ACTIVITY</u>	<u>LOCATION</u>
July 16	Meeting with Library Board C.R.A. Presentation	Harper
July 17	Iroquois Mental Health Center C.R.A. Presentation to Board	Greensburg
July 22	Meeting with Library Board C.R.A. Presentation	Stafford
July 30	Meeting with Arts Council C.R.A. Presentation	Stafford
July 31	Leonardville Library Board C.R.A. Presentation	Leonardville
August 14	Library Board Board C.R.A. Presentation	Jetmore
August 15	Leonardville Library Board Follow-up visit	Leonardville
August 19	Happy Corners School Presentation to School Board USD 307	Ell-Saline
August 30	Meeting with Coordinator Technical Assistance	Junction City
September 11	Meeting with Coordinator Progress Report	Junction City
September 16-20	Pride Community Judge	Topeka
September 27	U.F.M. Grass Roots Award Betty Enwall, Courtland, recipient Stan McAdoo, Kansas Dept. of Economic Development, Presentor of annual award	Manhattan

<u>DATE</u>	<u>ACTIVITY</u>	<u>LOCATION</u>
October 1	Meeting with State Review Board Review of 1986 Grant Applications	Salina
October 6	Teacher Reception C.R.A. Update - Teaching Aids	Troy
October 8	Morrill Library Board Presentation of Existing Program to Library Board (seeking permanent home for local program)	Hiawatha
October 9	Site Visit Coordinator and Program Update	Satanta
October 9	Site Visit Coordinator and Program Update	Ashland
October 9	Site Visit Technical Assistance	Lewis
October 10	Pre-Grant Advisement Programming Assistance	Jetmore
October 10	Barton County Community College K.S.U. Adult and Occupational Outreach Class C.R.A. Presentation to Class	Great Bend
October 12	PRIDE Day Member of Panel Discussion -(Preparing for the Pride Judges)	Salina
October 17	Kansas Community Education Association Board Meeting	Hesston
October 22	Lansing School Board Technical Assistance - Programming Aids	Lansing
October 24	Site Visit Technical Assistance (board replacements and new coordinator)	Holton
October 28,29	Rural and Small Schools Conference Kansas State University	Manhattan
Novemger 5	Library - Meeting with new coordinator Programming Aids	Ransom
November 5	Ness City Newspaper Explanation of C.R.A. to newspaper editor (needing cooperation for Ransom Program)	Ness City

<u>DATE</u>	<u>ACTIVITY</u>	<u>LOCATION</u>
November 7,8	Topeka Library Fundraising Workshop	Topeka
November 14	Library Meeting Technical Assistance - Providing librarian with programming ideas	Hiawatha
November 21	Site Visit Meeting with old and new program coordinators Assistance in program transition	Formoso
December 15	Free University Home Tour Invited Guest	Glasco
December 17	Division of Continuing Education, K.S.U. Orientation Committee Meeting	Manhattan
December 19	Kansas Dept. of Economic Development Future Placement of Community Resource Act Technical Assistance	Topeka
December 24	Directors annual leave	

ATTACHMENT C - SECTION 1

GRASSROOTS REPORT

GRASSROOTS REPORT

PROGRAM D - Third and final year of the funding cycle - 25%
(Programs initiated in 1983)

ASHLAND - Clark County - Southwest Section - Population 1,1096

- Creative Education in Clark County
 - Funded at \$835.00
 - 13 Classes - Enrollment 237
 - 8 Educational - 3 Recreational - 1 Social - 1 Cultural
- Ashlands program is still growing and changing. The program is managed by a mother/daughter team, and offered more childrens programming, accounting for the boost in their enrollment. "We are looking forward to classes next year. The Astronomy teacher has been asked to teach Astronomy in Minneola and at Dodge City Community College. We have been funded by the Recreation Commission." Ashland should be able to look forward to continued community-based education program.

EFFINGHAM - Atchinson County - Northeast Section - Population 632

- P.E.P. - Personal Education Program
 - Funded at \$667.00
 - 17 Classes - Enrollment 198
 - 13 Educational - 2 Recreational - 1 Social - 1 Cultural
- Effingham has been a model program, ran by an efficient coordinator and PRIDE Board. They support their program by charging minimal registration fees and through fund raising(Fall Home Tour, Painting Raffle and Bake Sale). "We plan to continue our program even though our state monies end this year. P.E.P. has become an important part of the community."

TROY - Doniphan County - Northeast Section - Population 1,233

- D.A.R.E. - Doniphan Area Resource Education Program
 - Funded at \$834.00
 - 57 Classes - Enrollment 774
 - 31 Educational - 24 Recreational - 2 Social
- The D.A.R.E. Program is still responding to the needs of their community, with their enrollment figures reflecting this need. They are still trying to secure a permanent home and funding for their very large program. They continue to fund-raise and seek donated supplies and services.
- "The board is considering participating in the Troy Flea Market selling funnel cakes and baked goods. We are planning a teacher appreciation dinner in April." They will be offering four sessions this year, hoping to make their program a lettle more manageable.

GOESSEL - Marion County - Central Section - Population 425

- Life Long Learning
- Funded at \$334.00
- 7 classes - Enrollment 38
- 7 Educational

The coordinator was depressed over the disappointing fall session. The basic explanation was a troubled program in a depressed farming community. (COOP folded and they have had many layoffs from the Hesston Corporation) She said that people were more concerned about bread on the table, and had put the program on a "back-burner".

Undaunted, she still is going to try to offer a few classes this spring, and is going to approach Roxbury, because of its close location to Goessel, into a joint program. "Wish us luck!"

ROXBURY - McPherson County - Central Section - Population 97

- Pioneer Education Program
- Funded at \$304.00
- 7 Classes - Enrollment 76
- 7 Educational

They are such a small community and have been determined to keep their small program alive. They have been unable to find a permanent funding source and must continue to fund raise. "We will continue our Annual Summer Festival and have a craft day twice a year, where we should be able to combine several classes on one day.

PROGRAM E)- Second year of the Funding Cycle
(Programs initiated in 1984)

HIAWATHA -- Brown County - Northeast Section - Population 3,702

- H.E.L.P. - Hiawatha Education Learning Program
- Funded at \$1,334.00
- 14 Classes - Enrollment 82
- 7 Educational - 7 Recreational

Hiawatha is a program that has been constantly shifting directions. Originally based with the chamber office, then community-based, then in 1986, at the Library. They are hoping that the good central location in down-town Hiawatha and the strong library board will help boost the program. Their record keeping is excellent and program content interesting. They will be charging a minimal registration fee to help fund the program.

KINGMAN - Kingman County - Southcentral Sector - Population 3,517

- K.A.R.E. - Kingman Area Resource Education
- Funded at \$1,989.00
- 21 Classes - Enrollment 332
- 13 Educational - 4 Recreational 2 Cultural - 2 Social

KINGMAN - Continued

This library-based program is on solid footing, charging a minimal registration fee and offering some excellent humanities and arts programming. "We sponsored a concert by the Kansas Brass Quintette funded in part by a grant from the Kansas Arts Commission. It was well received by those who attended."

LEWIS - Edwards County - Southwest Section - Population 544

- Lewis Education Program
 - Funded at \$1,112.00
 - 5 Classes - Enrollment 95
 - 1 Educational - 2 Recreational - 1 Social - 1 Cultural
- The librarian/coordinator in Lewis is trying to maintain the program in a community that has poor net-working capabilities. They opened an old vacant municipal building, that had enough space to accomodate exercise classes for the elderly and handicapped. With no funding sources located at this point, the program could be in doubt at the completion of the funding cycle.

MADISON - Greenwood County - Central Section - Population 1,102

- L.I.F.T.-Learning is Fun Together
 - Funded at \$1,000
 - 9 Classes - Enrollment 159
 - 6 Educational - 2 Recreational - 1 Social
- Their Flinthills Folklore class is being expanded into the Spring Session with a program to be held with a K.C.H. Speaker, with community and school slasses on Kansas History revisited. Their program will follow the 125 year of Statehood theme; Community support for the program is good, but funding is tight. They have been selling ads in their brochure to help pay the cost for the brochures. They will be charging a minimal registration fees in 1986.

MOUND VALLEY - LaBette County - Southeast Section - Population

- L.I.F.E. Program - Learning is Fun for Everyone
 - Funded at \$1,073.00
 - 10 Classes - Enrollment 88
 - 7 Educational - 2 Recreational - 1 Social
- The program is in transition. It is being transferred from a day care center to the library. The two coordinators will stay with the project lending stability to the program. Because extensive use of volunteers and all possible funding sources are being used to build the new library, trying to find funding for their community education program has been difficult. They wrote "It is my belief that the educational program will continue with some modifications under an already existing and active board of directors.

SATANTA - Haskell County - Southwest Section - Population 1,110
- S.P.I.C.E. - Satanta Program in Community Enrichment
- Funded at \$816,00
- 12 Classes- 129 Enrollment
- 8 Educational- 2 Recreational - 1 Cultural - 1 Social
Offering Working Spanish to Chinese Cooking to Country
Swing Dancing, this program offers a wide range of
classes for their community. Working Spanish had an
enrollment of 26, filling a need for those who work with
Spanish speaking populations every day and needed to
have a means of communicating with them. Satanta has
secured in-kind funding from their Recreation Commission
and the program promises to become self-sustaining by
the end of their funding cycle.

PROGRAM F - First Year Funding
(Funding initiated in 1985)

FORMOSO - Jewell County - Northcentral Section - Population 160
- F.O.C.U.S. - Formoso Offers Courses Utilizing Sharing
- Funded at \$1,394.00
- 7 Classes - Enrollment 139
- 6 Educational - 1 Recreational
"I feel that our first year has been a real success.
It took a while for the people to learn what we were
doing. We are fortunate we have a lot of talented
people who are willing to share their time as well as
their knowledge. We are looking forward to a lot of
new and different classes in the coming year", wrote
coordinator Ivah Hoard. As they enter their second
year, they must begin to seek funding sources within
their community. They will have a new coordinator
with the program and are already to begin their enroll-
ment at the writing of this report.

HOLTON - Jackson County - Northeast Section - Population 3,125
- C.H.E.E.R. Program
- Funded at \$3,000.00
- 28 Classes Enrollment 382
- 10 Educational - 9 Recreational - 6 Social - 3 Cultural
The Cheer Advisory Board assisted in serving over 100
participants at the Cheer Christmas workshop. Their
board was also busy giving presentations to various
civic clubs and organizations promoting CHEER. A
scrapbook has been started to record the program growth.
They are adding to their board people who can hopefully
assist in securing permanent funding for the program.
They have put in a good solid year of hard-headed dedi-
cation to promote their CHEER Program. The coordinator
did an excellent job getting a good balanced program.

JUNCTION CITY - Geary County - Northcentral Sector - Population 20,381

- Flint Hills Shared Education Program

- Funded at \$2,000

- 21 Classes Enrollment 701

- (Several Sessions)

- 8 Educational - 13 Recreational

The home for this program is in the Junction City Park, with the Recreation Department overseeing the project. The classes are focused on arts and crafts, with childrens programming underscored. They are still struggling with program identification, but enrollment figures are climbing.

ONAGA - Pottawatomie County - Northeast Sector - Population 800

- Onaga Area Resource Center

- Funded at \$3,200.00

- 28 Classes Enrollment 348

- 14 Educational - 13 Recreational - 1 Cultural

Special Projects were co-sponsored with their wellness center, on Farm and Rural Issues and an Adult Awareness Series Program. Their development plans include "offering a variety of classes to a cross-section of the community and the surrounding rural area. We will be developing courses in vocational retraining type skills to help stimulate declining rural economic opportunities."

Their program ranged from a Tour of Silver Dollar City to Farm Credit Issue to Childbirth Preparation. Onagas Hospital-Based Program is very interesting as well as productive.

SUMMARY

This is the ending report on the Community Resource Act Programs for 1985. It is always interesting to watch the programs, their ups and downs, always in awe of their Kansan can-do attitude.

They are realistic about their potential, and gear their programs accordingly. Most are charging a minimal fee to ease the burden of fund-raising. I'm pleased that permanent funding is available to some.

I have enjoyed my visits around the State and am forever amazed at the Kansas openness, honesty and friendliness. They truly respond to their own community needs and use their own resources with Pride.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603
COMMUNITY RESOURCES PROGRAM EXPENDITURES REPORT

Name of Grantee: _____ Date: _____
Address: _____ Zip: _____
Telephone: Area Code: _____ # _____

Please indicate whether this is:

First report (due date July 15) _____ Final report (due date Jan 15) _____

Grant Period: From _____ through _____ (dates)
Period of Report: From _____ through _____ (dates)

DO NOT include any amounts on this form which were not listed in your approved contract with KDED.

1	2 CRA FUNDS	3 LOCAL MATCH		B U D G E T			ACTUAL EXPENDITURES TO DATE		
		In-Kind	Cash	4	5 TOTAL	6 CRA FUNDS	7 LOCAL MATCH In-Kind	8 CASH	9 TOTAL
a. Personnel	\$	\$	\$	\$	\$	\$	\$	\$	\$
b. Travel									
c. Supplies									
d. Telephone									
e. Postage									
f. Promotion/ Advt.									
g. Duplication									
h. Program Mat. (Bro)									
i. Rents									
j. Other (Specify)									
k. Total	\$	\$	\$	\$	\$	\$	\$	\$	\$
l. Total Grant Payment	XXXXXXXXXXXXXXXXXXXXXXXXXXXXX\$					XXXXXXXXXXXXXXXXXXXXXXXXXXXXX			
m. Unexpended Balance on Hand	XXXXXXXXXXXXXXXXXXXXXXXXXXXXX\$					XXXXXXXXXXXXXXXXXXXXXXXXXXXXX			

Certification: I/We certify that the foregoing information is true and correct, and that all expenditures were incurred solely for the purpose of the above numbered grant, during the grant period, and in accordance with the agreed conditions of the award.

Project Coordinator: Name _____ Signature: _____
Fiscal Agent: Name _____ Signature: _____

COMMUNITY RESOURCE PROGRAM PROGRESS REPORT

A. EVALUATION CRITERIA* (Please circle one)

Overall Program Administration	5	4	3	2	1
Record Keeping, Reporting and Evaluation	5	4	3	2	1
Steering Committee and/or Advisory Board	5	4	3	2	1
Program Publicity	5	4	3	2	1
Brochures/Class Descriptions	5	4	3	2	1
Community Support (Enthusiasm)	5	4	3	2	1
Community Support (Monetary)	5	4	3	2	1
Class Offerings (Quality)	5	4	3	2	1
Class Offerings (Variety)	5	4	3	2	1
Community Participation/Overall Class Attendance	5	4	3	2	1
Prospects for Sustaining CRA Program	5	4	3	2	1
TOTAL CRA PROGRAM EVALUATION	5	4	3	2	1

*5 Excellent; 4 Superior; 3 Good; 2 Weak; 1 Poor

STATISTICS:

- number of teachers _____
- total number of classes _____
- total number people enrolled in the program _____

C. Special Projects (if any beyond brochures/courses) _____

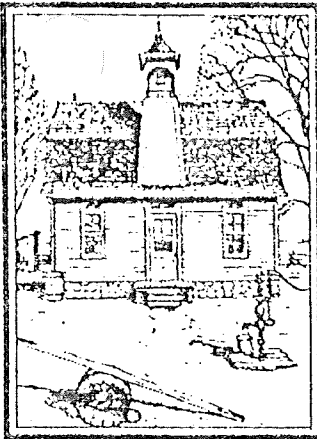
D. Development Plans of the Program _____

ATTACHMENT C

Section 2 - Page 3

July 1, 1985 - December 31, 1985

Town	Total Classes Offered	Enrollment
ASHLAND	13	237
EFFINGHAM	17	198
FORMOSO	7	139
GOESSEL	7	38
HIAWATHA	14	82
HOLTON	28	382
JUNCTION CITY	21	701
KINGMAN	21	332
LEWIS	5	95
MADISON	9	159
MOUND VALLEY	10	88
ONAGA	28	348
ROXBURY	7	76
SATANTA	12	129
TROY	57	774



The Rural Community Education Report

Number 25

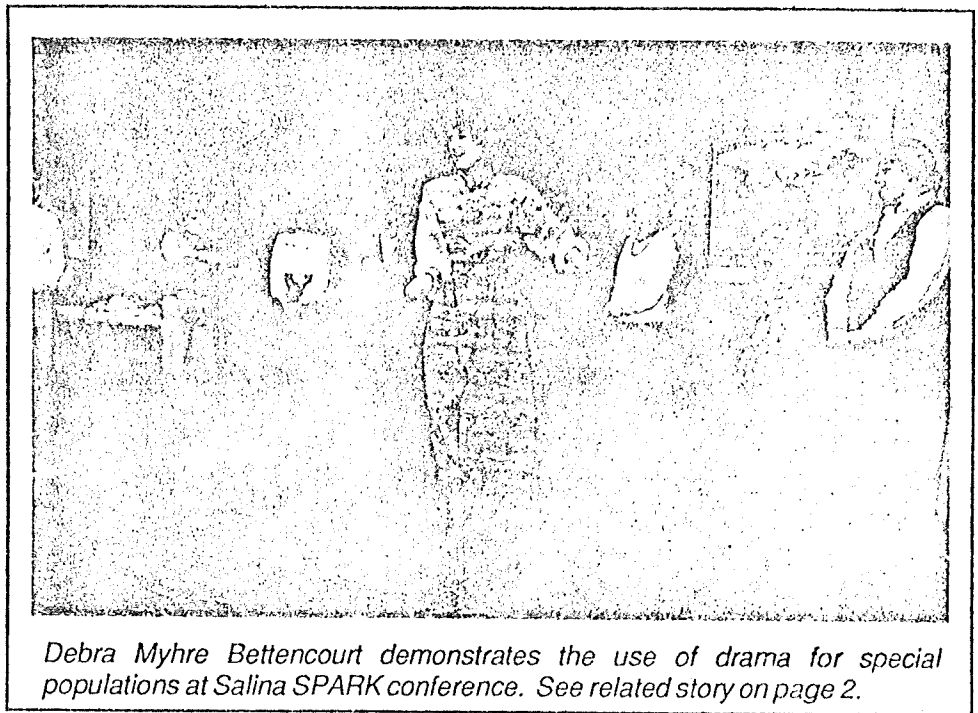
January 1986

New SPARK Communities Chosen

Karen Barron, SPARK Project Coordinator, has announced the ten new SPARK communities for 1986. These communities will receive seed grant monies and technical assistance to set up leisure-time programs for their special populations—the handicapped and senior citizens.

The communities chosen are Valley Falls, Osage City, Greensburg, Onaga, Wamego, Newton, Formoso, Abilene, Roxbury, and Stafford.

Barron said that the activities in rural communities are usually inexpensive to carry out since much of the work is done by volunteers. Each community will get \$500 or less for its program. "It doesn't sound like much," Barron said, "but in a rural community, they can make it go a long way."



Debra Myhre Bettencourt demonstrates the use of drama for special populations at Salina SPARK conference. See related story on page 2.

C.R.A. Program Adds 4 New Communities

Four Kansas Communities have been selected to receive seed grant monies from the Community Resource Act. These monies will enable Ransom, Jetmore, Lansing and Ell-Saline rural areas to begin their Community-Based Education Programs.

Ell-Saline Community Education Program will offer courses to the rural area surrounding Brookville, Bavaria, and Hedville. The program will function in close cooperation with the Ell-Saline USD 307. Bernard White, Assistant Principal of Happy Corner School will be acting program coordinator.

L.E.T.S. C.A.R.E. stands for Lansing Educational Trio's City and Rural Education Program. It will serve the rapidly growing community of Lansing, providing them with a sense of community identity. Approaching the project with great enthusiasm is the coor-

dinator, Rhonda Rucker. The Spring catalog will offer 15 classes ranging from Judo to Cooking to Computers. The L.E.T.S. C.A.R.E. program will work in close association with the local school district. The majority of the classes will be held in the school facilities.

In Ransom, the Community Life Improvement Program (C.L.I.P.) will offer non-credit classes with both Spring and Fall sessions planned. The program brochure will also serve as the community calendar and list offerings from other community groups. Avonne Rubottom will serve as the program coordinator. She will be working closely with the local library and school district. Community response for C.L.I.P. has been very enthusiastic.

The J.A.R.R. (Jetmore Arts, Re-

creation, Relaxation) Program will offer non-credit classes to Jetmore and the surrounding area. Classes will cover hobbies, new ideas, and useful skills. Jetmore has a history of community cooperation. The library, schools, churches, recreation department, city, and county organizations have worked closely together. Cynthia Bach, acting as J.A.R.R. coordinator, will offer another component to Jetmore's well-rounded program.

The Community Resource Act (C.R.A.) is administrated by the Kansas Department of Economic Development. Technical assistance is provided by UFM/Division of Continuing Education, Kansas State University. For information on C.R.A., contact Judy Snodgrass, Director C.R.A., 1221 Thurston, Manhattan, KS 66502.

CHEYDENE	PARLINS	DECATUR 3C	HORTON	PHILLIPS	SWIN	SNOWELL	PERKINS 3A	WASHINGTON	SUMNER	HELMAN	SHENNA 1E	50
SEAMAN	THOMAS	SHERRILL	GRAMAN	ROOKS	LOGSOME	WITCHELL	1F	CLAY	FILEY	POTTSWATOME 4F	SHOOK	20
WALLACE	LOGAN	BOVE	TRIGO	ELLS	RUSSELL	LODOLIN	28	OTTEWA	11A	2F	JEFFERSON	7A
6B						ELLINGBORTH	16	3F	1C	8C	3G	7A
WHEELLEY	WINTA	SCOTT	LAKE	NESS 4G	ALSH	BARTON	4B	4D	3D	8A	9A	
HAMILTON	NEARBY	FRICKY	HODGESSMAN	2G	FRANCE	STAYFORD	4E	5C	4E	7C	6C	9A
STANTON	ORRANT	HASKELL	6E	3E	KOMA	PLATT	5A	5A	4E	2A	4A	4C
MEATON	STYONS	SEWARD	MEADE	CLARK	10	BARBER	2E	5A	5A	6A	5B	

COMMUNITY RESOURCE ACT PROGRAMS

PROGRAM G (1986)

1. Ell-Saline Community Education Program
2. Jetmore - J.A.R.R. Program
3. Lansing - L.E.T.S. C.A.R.E. Program
4. Ransom - C.L.I.P. Program

PROGRAM F (1985)

1. Formoso - F.O.C.U.S. Program
2. Holton - C.H.E.E.R. Program
3. Junction City - Flint Hills Shared Ed. Pro.
4. Onaga - Onaga Area Resource Program

PROGRAM E (1984)

1. Hiawatha - Hiawatha Education Learning Pro.
2. Kingman - Kingman Co. Comm. Resource Pro.
3. Lewis - Lewis Comm. Education Pro.
4. Madison - Madison Comm. Resource Pro.
5. Mound Valley - L.I.F.E. Pro.
6. Satanta - Satanta Comm. Resource Pro.

PROGRAM D (1983)

1. Ashland - Creative Ed. in Clark Co.
2. Effingham - Effingham Comm. Ed. Program
3. Goessel - Goessel Comm. Ed. Program
4. Roxbury - Roxbury Comm. Ed. Program
5. Troy - Doniphan Co. Education Program

PROGRAM C (1982)

1. Eskridge - L.I.F.T. Program
2. Glasco - G.I.F.T.S. Program
3. Jennings - Community Learning Exchange
4. Mound City - LINNC for Learning
5. Newton - Community Learning Exchange
6. Osawatomie - Osawatomie Community Education
7. Ottawa - Community Forum
8. Perry-LeCompton - Community Education Exchange

PROGRAM B (1981)

1. Belleville - Belleville Area Free U
2. Beloit - Post Rock University
3. Kansas City, KS - Prescott Neighborhood Assn.
4. Pawnee Rock - Pawnee Rock Free U
5. Pittsburg - Free Apple Community School
6. Sharon Springs - Mt. Sunflower Free U

PROGRAM A (1980)

1. Bonner Springs - S.P.I.C.E. Program
2. Burlington - Burlington Comm. Ed. Program
3. Courtland - Courtland Comm. Ed. Program
4. Garnett - A.C.R.E. Program
5. Haysville - The Education Connection
6. Iola - Iola Communitarity
7. Kansas City, KS - Little House Free U
8. Lawrence - Jack of All Trades
9. Paola - Paolans United
10. Summerfield - Summerfield Comm. Ed. Program
11. Westmoreland - Westy Comm. Ed. Program

1980-

COMMUNITY RESOURCE PROGRAM 1986

<u>POPULATION RANGE</u>	<u>TOWN</u>	<u>POPULATION</u>
0 - 999	ROXBURY - - - - -	97
	FORMOSO - - - - -	160
	JENNINGS - - - - -	194
	SUMMERFIELD - - - - -	222
	COURTLAND - - - - -	377
	MOUND VALLEY - - - - -	387
	PAWNEE ROCK - - - - -	411
	GOESSEL - - - - -	425
	RANSOM - - - - -	448
	LEWIS - - - - -	544
	WESTMORELAND - - - - -	603
	EFFINGHAM - - - - -	632
	GLASCO - - - - -	709
	MOUND CITY - - - - -	753
ONAGA - - - - -	800	
JETMORE - - - - -	864	
SHARON SPRINGS - - - - -	968	
1,000 - 2,499	ELL-SALINE - - - - -	1,000
	ASHLAND - - - - -	1,096
	MADISON - - - - -	1,102
	SATANTA - - - - -	1,110
	TROY - - - - -	1,233
2,500 - 4,999	BELLEVILLE - - - - -	2,807
	BURLINGTON - - - - -	2,908
	HOLTON - - - - -	3,126
	GARNETT - - - - -	3,293
	KINGMAN - - - - -	3,517
	HIAWATHA - - - - -	3,702
	BELOIT - - - - -	4,354
PAOLA - - - - -	4,554	
5,000 - 9,999	LANSING - - - - -	5,327
	BONNER SPRINGS - - - - -	6,235
	IOLA - - - - -	6,951
	HAYSVILLE - - - - -	8,101
10,000 - 24,999	OTTAWA - - - - -	10,759
	NEWTON - - - - -	16,225
	JUNCTION CITY - - - - -	20,381
25,000 - 49,999		
OVER 50,000	LAWRENCE - - - - -	52,003
	OVERLAND PARK - - - - -	81,385
	KANSAS CITY - - - - -	159,972

CONTACT: Doris Kaiser (913) 296-1776

FOR IMMEDIATE RELEASE

DATE: December 4, 1985

The Kansas Department of Economic Development has entered into an Annual Contributions Contract with the Department of Housing & Urban Development for fifteen (15) units of Section 8 Existing Housing Certificates for the Homeless in Johnson, Leavenworth and Wyandotte Counties.

This contract is for a Pilot Program referred to as "Operation Homeless." If proven successful it may be made available statewide next year. Qualifications for "Operation Homeless" are 1) families must currently be homeless and be working with one or more of the HUD approved social service agencies listed below, 2) applicants must be willing and able to enter into a twelve month lease with rental assistance, 3) applicants must meet program requirements. A homeless family constitutes one or more persons, without permanent address and no immediate prospect of one, who are sponsored by one or more of the approved support agencies or persons 62 years of age or older, or disabled or handicapped regardless of age or persons displaced by some type of governmental action. Income eligibility ranges are approximately \$11,500 - \$21,500, depending on the size of the family.

The following HUD approved support agencies will be the primary source for those needing housing and will refer families to KDED for application processing: The Economic Opportunity Foundation, 1542 Minnesota Avenue, Kansas City, Kansas; The Housing Information Center, 1734 E. 63rd, Kansas City, Missouri; Wyandot Mental Health, 78 North 10th, Kansas City, Kansas; Johnson County Association for Battered Persons, 5165 Merriam Drive, Merriam, Kansas; Metro Lutheran Ministries, 3031 Holmes, Kansas City, Missouri; Salvation Army, 500 North 5th Street, Kansas City, Kansas; or the Jewish Family and Children Services, 4550 West 90th Terrace, Shawnee Mission, Kansas. Certificates will be given on a first come first serve basis to families meeting all of the program requirements.

Landlords of qualified families will enter into a Housing Assistance Payments Contract with KDED. The purpose of the contract is to assist the family in the leasing of a safe and sanitary dwelling unit from the owner,

(OVER)
CROSSROADS OF AMERICA



KDED will make Housing Assistance Payments to the owners on behalf of eligible families.

Properties will be inspected and must meet the Housing Quality Standards of HUD.

Total program funds - pilot project: \$75,000

SECTION 8 EXISTING HOUSING ASSISTANCE PROGRAM

Section 8 is a federal housing assistance program administered through the U.S. Department of Housing and Urban Development (HUD), the Kansas Department of Economic Development (KDED), and local Field Representative Agencies.

The purpose of the program is to make decent, safe, and sanitary rental housing more accessible to low income, elderly, and handicapped individuals and families.

A unit is eligible for the program if it meets the Housing Quality Standards (HQS) as established by HUD, the owner agrees to participate in the program, and the rent charged for the unit is within the Fair Market Rent schedule for the area. The unit may be a privately owned apartment unit, a single family residence, a mobile home which meets the HQS, or in some cases, publicly owned or financed units.

Owners rent units directly to participants who have been issued Certificates of Participation. This insures the owners right to select their own tenants. Owners who participate in the program will receive their rent payments in two parts, one part from the tenant and the other from KDED. The amount of rent paid by the tenant (along with an allowance for utilities and other usual services if not included in the rent) will be not less than 15% nor more than 30% of the family's income. The difference between the rent paid by the tenant and the total rent charged is paid by KDED through monthly Housing Assistance Payments (HAPs).

ADVANTAGES TO OWNERS

Fill Vacancies	HAP Made Directly to Owner
Choice of Tenants	Vacancy Loss Payments
One Year Lease	

1. The owner retains the right to screen and select tenants. Thw owner may not discriminate because of race, color, creed, sex or national origin in accordance with Federal, State and local laws.
2. The required lease is for not less than one year nor more than three years, but may contain a provision permitting termination upon 30 days advance notice by either party.
3. An owner may be compensated for damages or other amounts owed by the tenant up to an amount equal to two months rent, less the amount of any security deposit.
4. If a tenant vacates a unit in violation of the lease, the owner may be eligible to collect up to 80% of the total rent for a vacancy period not to exceed 60 days.
5. If an owner has a current tenant who qualifies, the tenant's portion of the rent will be reduced which will help insure more timely payments.

RESPONSIBILITIES OF OWNERS

1. Perform all management and renting functions, including maintenance and collection of the tenant's portion of the rent.
2. Make prompt payment for utility and services (unless paid directly by the tenant).
3. Furnish Field Representative or KDED with the information required under the Housing Assistance Payment Contract.
4. Comply with the equal opportunity requirements.
5. Perform other obligations stated under the Housing Assistance Payment Contract and the lease with the tenant.

"D"
Feb. 28, 1986
Economic Dev. Comm

INDUSTRIAL DEVELOPMENT DIVISION - KDED

Goal: To help create new jobs in Kansas and to attract capital investment from outside the state.

Domestic Development

Prospect Marketing: identification of companies that are looking for new locations for manufacturing, distribution, office or service centers and make them aware of the advantages Kansas offers.

- 1) National Advertising
- 2) Direct Mail
- 3) Personal Calls
 - A. Kansas Cavalry Missions
 - B. State Prospecting Trips

How we work with prospects once they are identified

- 1) Identify company needs
- 2) Match company requirements with Kansas communities
- 3) Assist companies in on-site evaluation of communities, industrial sites, available buildings

Local Services: assist Kansas communities in organizing and preparing for industrial development. The "final sale" is always at the community level.

- 1) Community Guide to Industrial Development
- 2) Community Evaluations
- 3) Industrial Development Workshops
- 4) Industry Appreciation Week

International Development

Reverse Investment: encouraging foreign-based companies to establish operations in Kansas. Process parallels prospect marketing efforts on the domestic side.

- 1) Kansas Cavalry Missions
- 2) Staff Trips

Attachment E

Export Development: efforts to create new markets for Kansas products and assist Kansas companies in developing their export sales.

- 1) Technical assistance to non-export and new-to-export firms regarding mechanics of exporting.
- 2) Sales and trade leads provided to Kansas companies
- 3) International Trade Shows

Assistance in export development is one way the division contributes directly to the health and growth of existing Kansas firms; as sales increase additional manufacturing capacity and employment is necessary.

Tokyo Office: serves the dual function of reverse investment and export sales development.

Sister-State Relationship with Henan Province of People's Republic of China.

Kansas Industrial Training (KIT) Program

Important element of both domestic and international development program.

Incentives to new industry to locate in Kansas and existing industry to expand here.

Added advantage of providing training to Kansans to qualify them for available industrial jobs.

Cooperation with Vocational Education Administration and Kansas Department of Human Resources.

Rsearch

Information outlining and highlighting the advantages of Kansas for business.

Community information, available sites, available buildings.

Comparative information on Kansas and other states.

Industry specific research.

Directory of Kansas Manufacturers and others.

ROGER CHRISTIANSON

Director of Industrial Development for the Kansas Department of
Economic Development

Prior to joining KDED spent nearly 7 years with the Nebraska
Department of Economic Development where he worked as a field
Service Representative, an Industrial Consultant, and manager of
Domestic Marketing for the Industrial Development Division. Was
named Deputy Director of Industrial Development and was working
in that capacity prior to coming to KDED in November of 1981.

Education - B.S. in Economics from South Dakota State University
M.S. in Journalism/Mass Communications (also from
S.D.S.U.)

1979 Graduate of the Industrial Development Insti-
tute at the University of Oklahoma (now the
Economic Development Institute)

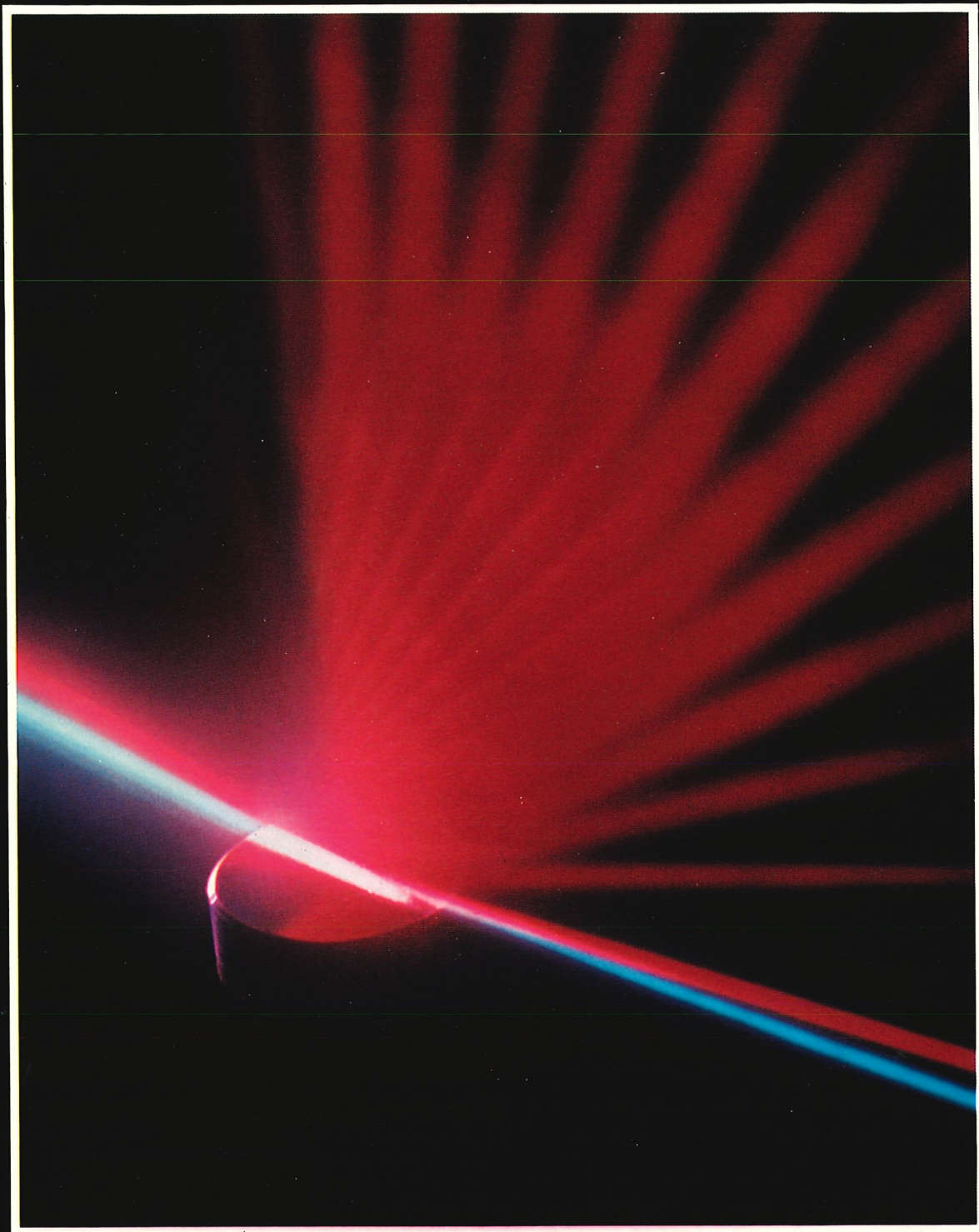
May of 1980 - received Certified Industrial Developer (C.I.D.)
designation from the American Economic Development Council.

Leadership Kansas Participant - Class of 1984

Currently serving on the board of the Kansas Industrial Developers
Association.

Currently serving on the American Economic Development Council's
Certification Board for Certified Industrial/Economic Developers.

● P E R S P E C T I V E S ●



K A N S A S

Business

Percentage of Gross State Product

18%



Manufacturing Agriculture

Business Climate

Kansas consistently ranks among the national leaders in favorable business climate. Such widely varying sources as Alexander Grant & Co., Inc. magazine, and the Minnesota Tax Study Commissions

have supported the fact that in Kansas, business and government are partners in the future development of our state.

Sources: Alexander Grant & Co., Inc. magazine and Minnesota Tax Commission.

Diversity

Kansas has long been viewed as an agricultural state. In the best sense, Kansas fits that description with Midwestern values that encourage productivity and independence. The Kansas economy reaches far beyond agriculture, with manufacturing being the leading contributor to the state's economy. In fact, Kansas leads the world in the production

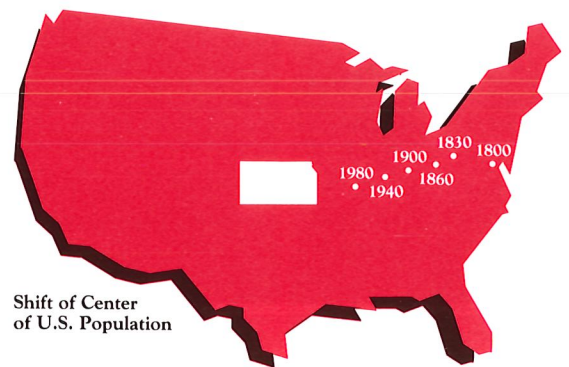
of private aircraft. Recent additions to our list of corporate citizens include a national semiconductor testing facility, a state-of-the-art printing operation, and a national telemarketing center.

Sources: Kansas Economic Report, 1984, and Kansas Department of Economic Development.

Markets

Kansas is in excellent proximity to national and regional markets. The state is at the geographic center of the continental U. S. . . . and is ever closer to the center of the U. S. population. Within 500 miles of Kansas are one-third of the nation's population, retail sales of \$330 billion and some 42,000 manufacturing plants.

Sources: U. S. Statistical Abstract, Sales and Marketing Magazine and U. S. Bureau of the Census.



Shift of Center of U.S. Population

Transportation

Kansas has long been recognized as a central distribution point for national markets with a well developed transportation network. Kansas offers all four modes of transportation.

- Interstates providing rapid transit routes for 5,800 common carriers and 9,300 contract truck lines

- 12 rail carriers with Kansas City being the nation's second busiest rail center
- 19 air carriers with direct flights to major cities
- Water transportation available through ports located on the Missouri River

Source: Kansas Corporation Commission and Kansas Department of Transportation.

Enterprise Zones

While a lot of talk has gone on about the need for special development zones, Kansas has quietly led the nation in implementing a law of unparalleled flexibility, with over 60 zones designated across the state. Firms locating within an Enterprise Zone are eligible for:

- 10 year job and investment tax credits of

- \$350/new job and \$350/\$100,000 of new investment per year
- 100% sales/use tax refunds for equipping, constructing and maintaining new or expanding business facilities.

Sources: Kansas Taxes/Incentives, 1984 and Kansas Department of Economic Development.

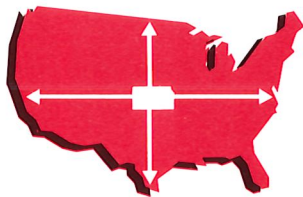
Tax Incentives

Kansas has always been known for its positive efforts to attract new industry with a competitive package of incentives:

- 10 year corporate income tax credits of \$100/new job and \$100/\$100,000 new investment per year
- Property tax moratoriums of up to 10 years

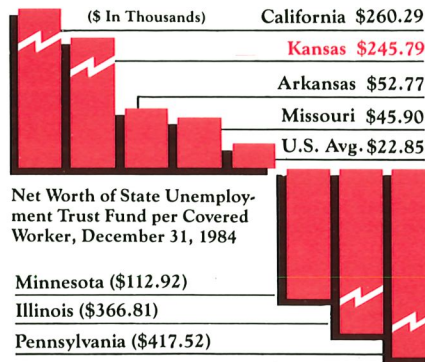
- for land, building and equipment financed with industrial revenue bonds
- Sales/use tax refunds or exemptions for equipment and machinery
- Property tax exemption on finished goods inventory via Freeport Law.

Source: Kansas Taxes/Incentives, 1984.



Financial Responsibility

Some states claim to be run like a business, however, few can prove it in practice. The Kansas constitution requires the state to operate on a balanced budget. Our state and local taxes are among the lowest in the nation. The state corporate tax rate has remained constant since 1972. Kansas' unemployment insurance trust fund remains highly solvent with the state ranking in the top 10 in this category.



Sources: U.S. Department of Labor, Unemployment Insurance Services.

Education

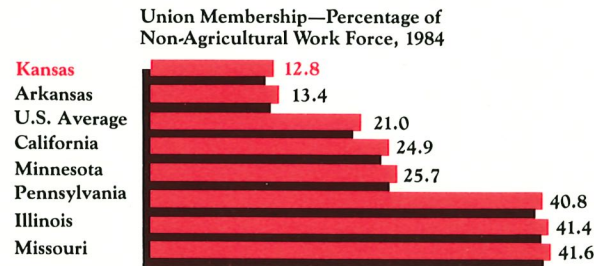
The average Kansan is better educated than the national average. Over 85% of those over the age of 25 have completed high school and over 33% have completed at least one year of post-secondary training. Higher education

opportunities are provided through seven public universities, 17 private colleges, two technical institutes and 33 area junior colleges or vocational-technical schools.

Sources: U. S. Statistical Abstract and Kansas Department of Education.

Labor and Productivity

Kansas is a "Right-To-Work" state by constitutional amendment. Less than 13% of the state's manufacturing work force belongs to a labor union and membership has been declining at a rate faster than the national average. Kansas ranks in the top five nationally in value added by manufacturing employee per payroll dollar.



Source: Alexander Grant & Co.

Kansas Industrial Training (KIT)

The Kansas Department of Economic Development, in cooperation with the Vocational Education Administration, offers a state funded pre-employment and on-the-job training program. Funds may be used for:

- New and expanding industry
- Instructor salaries, travel, lodging and meals

- Training manuals and books
- Audio-visual presentations
- Supplies and materials
- Training facilities
- Certain utility costs
- Curriculum planning and development

Source: Kansas Department of Economic Development.

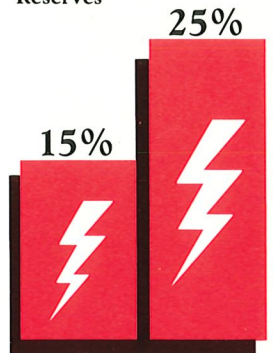
Utilities

Kansas offers some of the least expensive energy costs and one of the best supply outlooks in the nation. Kansas manufacturers prosper on natural gas and electric power rates that are below the national average. The state is a major producer of natural gas ranking fifth

in the nation with proven reserves available for decades to come. Our electric energy generating capacity shows reserves of nearly 25%. The nationwide electric power industry recommends a reserve capacity of 15%.

Sources: American Gas Association, Edison Electric Institute, U. S. Bureau of Mines, and Survey of Kansas Electric Power Companies.

Electric Energy
Generating Capacity
Reserves



Power Industry Recommendation
Kansas Reserves

Quality of Life

Kansas consistently ranks in the top 10 nationally in life expectancy rate—thanks in part to our moderate climate and clean air. Kansans are hardy individuals who enjoy family life and outdoor activities. From the slower pace of small communities to the sophisticated bustle of our large metropolitan areas, Kansans are within minutes of over 300,000 acres of water for fishing, sailing, swimming, skiing and camping. Kansas spectator sports range from college athletics

to professional football, soccer, baseball and rodeos. And cultural events are abundant as well. From nationally recognized community theatre to festivals, museums, and concerts, Kansas is a true patron of the arts. With sunshine 65% of the year, a low crime rate, and a wide variety of leisure opportunities to choose from, it's no wonder that Kansas' quality of life is among the most desired in the country.

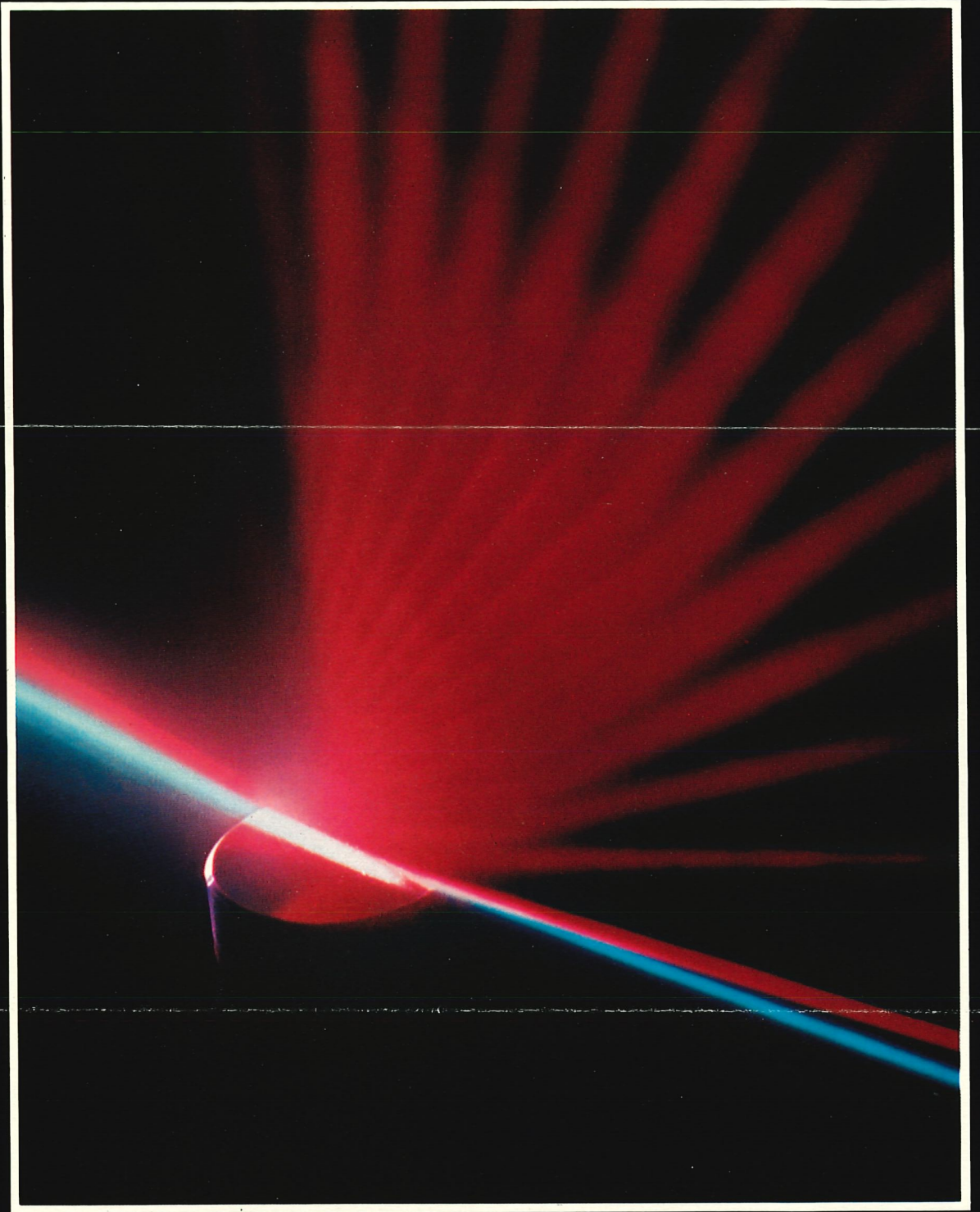
Source: U. S. Statistical Abstract.

For full details contact:
Roger Christianson, Director
Development Division

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P E R S P E C T I V E S



K A N S A S

Affaires commerciales

Pourcentage du produit brut de l'état du Kansas

18%

5%



Industrie

Agriculture

Climat commercial

Le climat commercial du Kansas est classé parmi les premiers à l'échelle nationale. Des sources aussi diverses que la société Alexander Grant & Co., le magazine Inc. et une commission chargée des études fiscales dans l'état du

Minnesota ont confirmé le fait que, dans le Kansas, les secteurs gouvernementaux et commerciaux sont partenaires quant au développement de notre état.

Sources : Alexander Grant & Co., Inc. magazine, Minnesota Tax Commission

Diversité

Le Kansas a été considéré depuis longtemps comme un état agricole. Dans le bon sens du terme, cette description lui convient parfaitement, avec des valeurs typiquement "Midwest" encourageant la productivité et l'indépendance. L'économie du Kansas s'étend bien au-delà de l'agriculture, avec l'industrie contribuant plus que tout autre secteur à son économie. Le

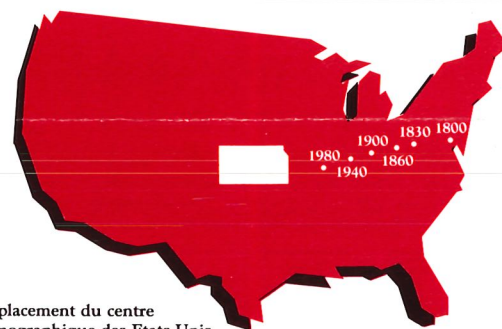
Kansas est d'ailleurs le premier producteur mondial d'aéronefs privés. Une installation nationale de mise à l'essai de semi-conducteurs, une imprimerie employant les techniques les plus avancées ainsi qu'un centre de télémarketing national viennent de s'ajouter à notre liste d'entités commerciales.

Source : Ministère du Développement Economique du Kansas

Marchés

Le Kansas se trouve à proximité avantageuse des marchés nationaux et régionaux. Il se trouve au centre géographique des Etats-Unis continentaux et se rapproche de plus en plus du centre démographique des Etats-Unis. Un tiers de la population du pays, 330 milliards de dollars de ventes commerciales au détail et environ 42 000 usines industrielles se trouvent dans un rayon d'à peu près 800 km du Kansas.

Sources : U.S. Statistical Abstracts, Sales and Marketing Magazine et Bureau du Recensement des Etats-Unis



Déplacement du centre démographique des Etats-Unis

Transport

Le Kansas a été reconnu depuis longtemps comme point de distribution central des marchés nationaux, avec un réseau de transport bien développé. Le Kansas offre chacun des 4 moyens de transport principaux.

- Les autoroutes "inter-états" représentent des voies de transit rapide pour 5 800 entrepreneurs de transports généraux et 9 300 lignes de transport par camion.

- 12 lignes de transport ferroviaire, Kansas City étant le deuxième centre ferroviaire des Etats-Unis.
- 19 transporteurs aériens offrent des vols directs vers les plus grandes villes.
- Transport fluvial disponible grâce aux ports situés le long du Missouri.

Source : Corporation Commission du Kansas et Ministère du Transport du Kansas

Zones d'entreprises commerciales

Tandis que l'on continue beaucoup de parler du besoin de créer des zones spéciales de développement, le Kansas a discrètement mené la nation en passant une loi d'une flexibilité sans égale, avec plus de 90 zones spécialement désignées à travers tout l'état. Les entreprises s'installant dans une telle zone bénéficient des conditions suivantes :

- Réduction des impôts pour emplois et investissements : 350 dollars par nouvel

emploi créé et 350 dollars par \$100 000 de nouvel investissement dont vous pouvez bénéficier chaque année pendant une période de 10 ans.

- 100 % de remboursement des taxes sur les ventes pour l'équipement, la construction et l'entretien d'installations commerciales neuves ou en expansion.

Source : Kansas Taxes/Incentives (1984) et Ministère du Développement Economique du Kansas

Stimulants fiscaux

Le Kansas a toujours été reconnu pour ses efforts visant à attirer de nouvelles industries grâce à des stimulants concurrentiels :

- Réduction des impôts sur le revenu des sociétés : \$100 par nouvel emploi créé et \$100 par \$100.000 de nouvel investissement dont vous pouvez bénéficier chaque année pendant une période de 10 ans.
- Moratoire d'impôts sur la propriété pour une durée allant jusqu'à 10 ans pour le terrain, la construction et l'équipement,

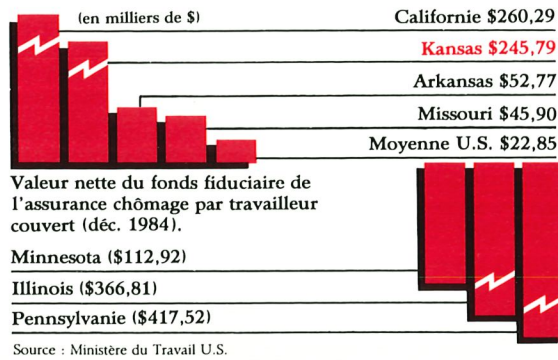
financés à l'aide d'obligations fiscales industrielles.

- Remboursements des taxes sur la vente ou exemptions pour les installations d'équipement et de machines.
- Exonération d'impôts sur la propriété pour ce qui concerne certains inventaires de produits finis qui passent par des entrepôts spéciaux, grâce à la loi "Freeport."

Source : Kansas Taxes/Incentives (1984)

Résultat fiscal

Certains états prétendent être dirigés comme une entreprise commerciale. Dans la pratique, peu d'entre eux peuvent le prouver. La constitution de l'état du Kansas exige que celui-ci opère sur la base d'un budget équilibré. Nos impôts locaux et d'état sont parmi les plus faibles des Etats-Unis. Le taux de l'impôt sur les sociétés est resté constant depuis 1972. Le fonds fiduciaire de l'assurance chômage reste très solvable, avec notre état comptant parmi les 10 premiers dans cette catégorie.



Education

Le citoyen moyen du Kansas est mieux éduqué que la moyenne nationale. Plus de 85 % des personnes de plus de 25 ans ont achevé leur éducation secondaire, et plus de 33 % ont achevé au moins une année de formation post-secondaire.

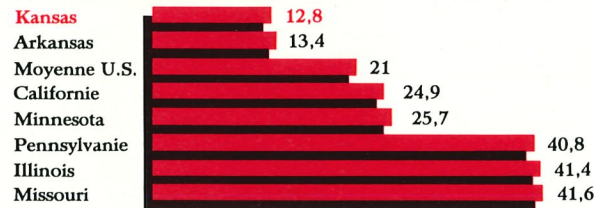
L'éducation supérieure est dispensée par 7 universités publiques, 17 collèges privés, 2 instituts technologiques et 33 collèges généraux ou écoles de formation technique ou professionnelle.

Source : U.S. Statistical Abstract et Ministère de l'Education du Kansas

Main d'œuvre et productivité

Le Kansas est un état "Right-to-Work" (Droit au Travail) par amendement constitutionnel. Moins de 13 % de la main-d'œuvre industrielle de l'état appartient à un syndicat, et l'appartenance à un syndicat a diminué plus rapidement que la moyenne nationale. Le Kansas compte parmi les 5 leaders nationaux en ce qui concerne la valeur ajoutée par employé du secteur industriel par dollar de salaire payé.

Appartenance à un syndicat -- Pourcentage de main-d'œuvre non agricole, 1984



Formation industrielle au Kansas (KIT)

Le Ministère du Développement Economique du Kansas, en conjonction avec l'Administration de la Formation Professionnelle, offre un programme de formation avant l'engagement d'un ouvrier et sur le lieu de travail, financé par l'état. Les fonds ainsi mis à disposition peuvent être utilisés pour :

- Manuels et livres de formation
- Présentations audio-visuelles
- Fournitures et matériaux
- Installations de formation
- Certains services publics (eau, gaz, électricité)
- Planning et développement du curriculum

Source : Ministère du Développement Economique du Kansas

- Industries nouvelles et en expansion
- Salaires, frais de déplacement, de logement et repas des instructeurs

Services publics

Le Kansas offre certains des coûts énergétiques les moins onéreux et l'une des meilleures perspectives nationales quant à leur fourniture. Les fabricants industriels du Kansas bénéficient également de taux d'énergie électrique et de gaz naturel inférieurs à la moyenne nationale. Le Kansas est le cinquième producteur de gaz

naturel des Etats-Unis, avec des réserves démontrées suffisantes pendant plusieurs décennies. Notre capacité productrice d'énergie électrique possède des réserves de près de 25 %. La moyenne nationale recommandée est de 15 %.

Sources : American Gas Association, Institut d'Electricité Edison, Bureau des Mines des Etats-Unis, Etude des compagnies électriques du Kansas

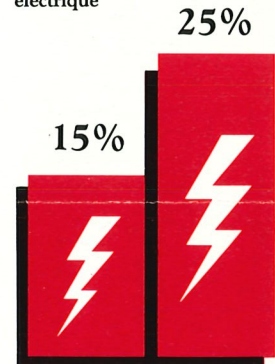
Qualité de la vie

Le Kansas se classe régulièrement parmi les 10 premiers à l'échelon national en ce qui concerne l'espérance de vie, grâce en partie à notre climat modéré et à la qualité de notre air. Les citoyens du Kansas sont des individus robustes; aimant la vie de famille et les activités de plein air. Qu'ils viennent de nos petites villes tranquilles ou de nos grands centres urbains pleins d'effervescence, ils se trouvent à proximité immédiate de plus de 121 000 hectares de zones aquatiques pour la pêche, le yachting, la natation, le ski nautique et le camping. Les sports comprennent les programmes athlétiques universitaires ainsi que le

football, le baseball, le basketball, le rodéo et le football américain professionnels. Les événements culturels y abondent également. Le Kansas est un véritable protecteur et bienfaiteur des arts avec des activités comprenant le théâtre communautaire, des festivals, des musées et des concerts dont la qualité est reconnue à l'échelon national. Avec un ensoleillement annuel d'environ 65 %, un faible taux de criminalité et une grande diversité de loisirs, il n'est pas surprenant que la qualité de vie du Kansas soit l'une des plus désirées des Etats-Unis.

Source : U.S. Statistical Abstract.

Réserves de capacité productrice d'énergie électrique



Recommandation de l'industrie énergétique

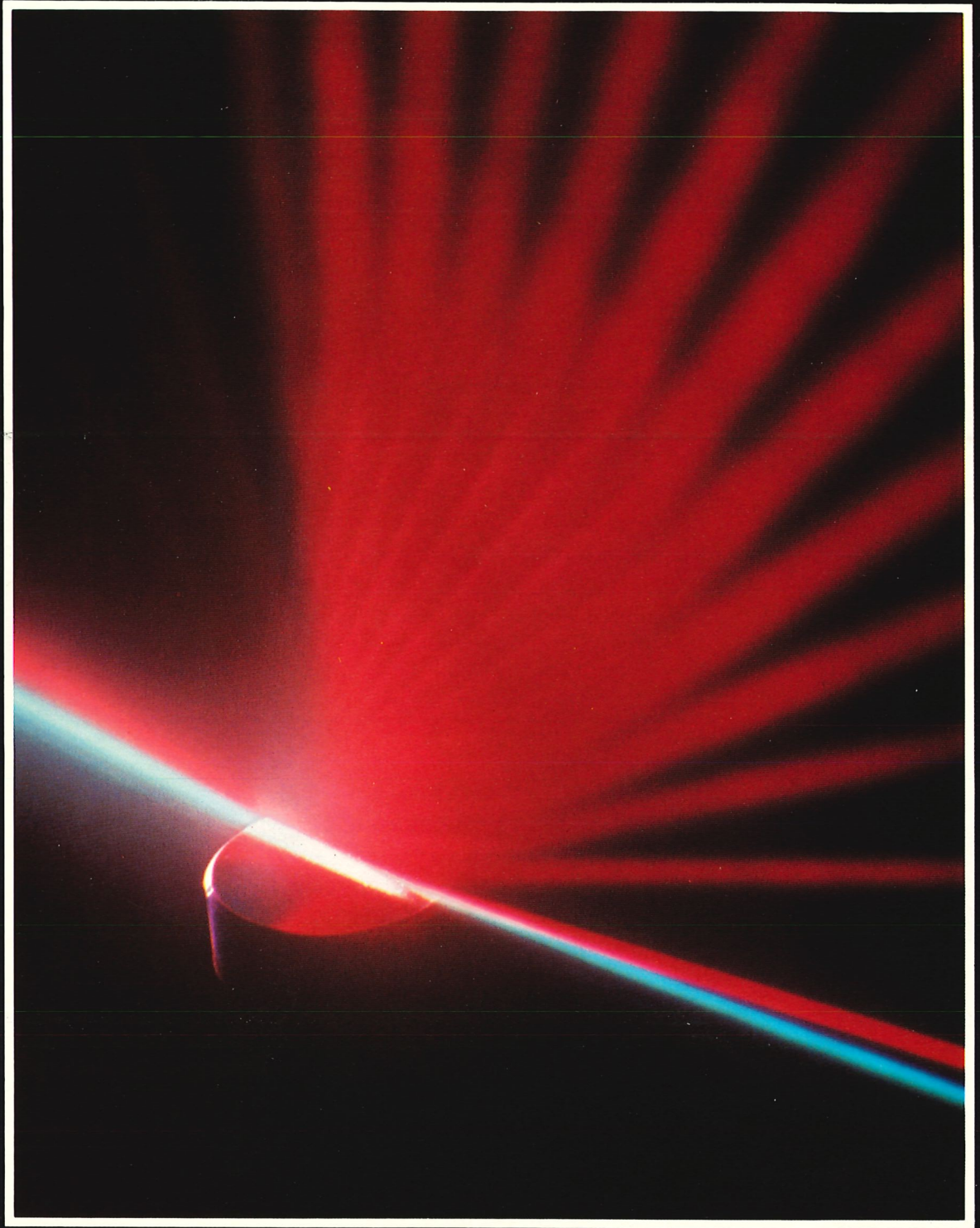
Réserves du Kansas

Pour de plus amples détails,
veuillez contacter : M. John J. Watson,
Directeur du Développement International,
Ministère du Développement
Economique du Kansas

**KANSAS DEPARTMENT OF
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有 望 な 将 来



米 国 カ ン ザ ス 州

ビ ジ ネ ス

ビジネス環境

米国企業界に於けるカンザス州の卓越せるビジネス環境は常に高く評価され、アレキサンダー・グラント社、インクマガジン、ミネソタ税務調査委員会等は、「将来発展の源動力はカンザス

州のビジネス及び州政府に存在している」と主張しています。

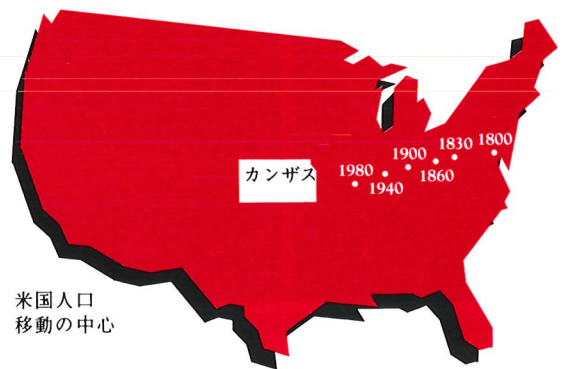
多様性

カンザスは長年農産州と考えられ、米国中西部を表現する生産力、独立精神を高く評価されて来ました。現在の経済は農業を超越した製造産業が重点を占め、私用航空機の生産は世界的なレコードを持っています。近年は全米セマイコンダクターテスト施設、近代的な印刷所、全米テレマーケティングセンター等が設置さ

れました。

市場

カンザス州は近接及び全米市場へ繋がる卓越した位置にありアメリカ大陸の地理的中心のみならず人口分布図の殆ど直中に存在しています。当州より800 軒以内に全米人口の三分の一、製産工場四万二千工場、年間三千三百億弗の小売産業を占めています。



交通

完備した交通網の中心に位し国内市場への発送点として認知され以下四種の運送方を駆使しています。

- 全米一般運輸会社 5,800 社、請負トラック運送会社 9,300 社。
- 鉄道輸送量全国第二位のカンザスシティでは鉄道会社十二社が利用可能。

- 全米主要都市への直通航空輸送会社十九社。
- ミズーリ河水路運輸

特別企業地域

各企業条件に適応性を認可する卓越した立地開発法に依り全州六十数ヶ所の特別企業地域があります。地域内では十年間に互り新雇用各一名及び新規投資各 10 万弗に対しそれぞれ 350 弗の税金控除が許されています。

- 企業地域 10 年税金控除、年額 350 弗对新雇

用各一名及び新規投資各 10 万弗。

- 新設備設置及び維持費全額を物品販売税、使用税から返済。

税金優遇

カンザス州の新企業優遇対策は他州と比較して積極的に有利な税法を提供しています。

- 新規雇用各一名及び新投資各 10 万弗に対し年額 100 弗、10 年間に互る税金控除。
- 産業収益債券基金を利用した土地、建物、設備に対する不動産税は 10 年間の延期支払いが可能。

- 設備、機械に対する物品販売税、使用税からの免除或いは控除。
- 自由港法を摘要し在庫製造完了物資に対する所有税免除。

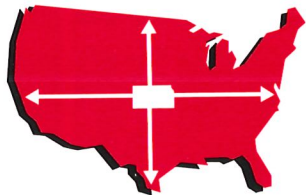
州総生産額率

18%



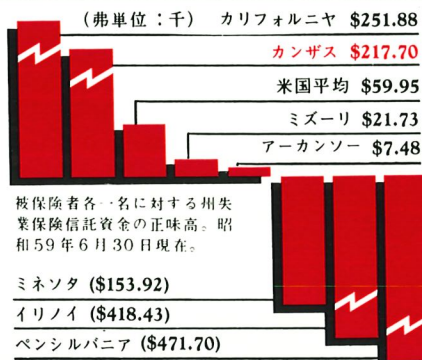
製造業

農業



財

ある州は財政をビジネスとして運営すると言いますが実践は困難で、カンザス州はバランスを保つ予算に基づいた財政方法に依り、州税、郡市町税率は全米最低率の一例に挙げられています。カンザス法人税は昭和47年（1972）から同率を保ち、失業保険信託資金は支払能力米国内最高10州内に位しています。



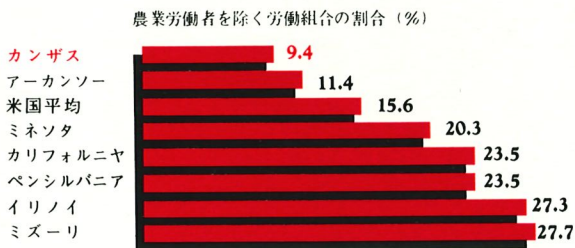
教育

カンザス州の平均学歴は全米平均を超越し25才以上の教育状態は高校卒業72%以上、高校以上修学は33%です。公立大学七校、私立大学十七校、技術学校二校、短期大学、職業学校合

計三十三校の大学専門学校施設があります。

労働

カンザス州では「働く権利法」を憲法修正に基いて支持し全州生産労働者の10%未満のみが労働組合員であり、会員権放棄の傾向は全米平均率を上廻っています。ストライキに依る生産時間浪失は国内最少時間を保つ一州であります。



職業教育

カンザス経済開発部は職業教育委員会との提携により雇用前及び職場職業訓練を提供しています。基金は次項に適應されます。

- 聴視覚教育費
- 文房具、教材
- 教育施設
- 光熱費
- カリキュラム計画及び整作費

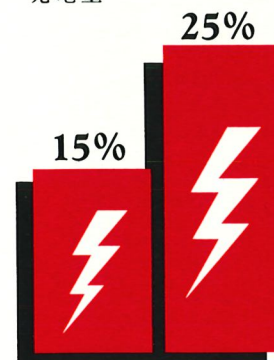
- 新規及び拡張企業
- 教師の給料、宿泊及び食費
- 教科書

エネルギー

カンザス州の豊富な熱資源は低コストのエネルギーを供給し確実な将来を約束しています。当州の製産企業の繁栄が低コストの天然ガス、電力利用に基づいている事は明白です。天然ガス生産州第五位、将来豊富な熱源は保証されてい

ます。一般発電会社は電熱発動力予備量15%を基準とし、これに対しカンザス州は約25%を予備しています。

電熱予備
発電量



電熱会社が
勧める予備量

カンザス州の
予備量

日常生活

カンザス州は温かな気候と清潔な空気に依り活気ある日常生活、健康、長寿を楽しんでいます。堅実な性格、家族中心の生活を重んじ戸外活動を楽しむ人々が典型的なカンザス州民と云えましょう。閑静な小都市から時代の先端を行くメトロポリス、近辺に散在する魚釣り、ヨットハーバー、水泳、スキー、キャンプ村等のレクリエーション施設を完備した合計12万ヘクタールに及ぶ多数の湖、大学運動競技、職業フットボール、サッカー、ベースボール、バスケットボ

ル、ロデオ等のスポーツ。芸術文化の多種多様の催しも盛んで著名演劇団や祭行事、美術博物館、音楽会等が常時行なわれています。一年の中65%は晴天、犯罪率は低く、広範囲に互るレジャーを満喫する事が出来ます。自分の好む事を自由に選択出来る素晴らしい機会、ここにカンザス州の価値ある生活が生れるのです。全米で最も理想的なカンザス州と言われるのも偶然の結果ではありません。

詳細は下記へ御連絡下さい。

国際開発部長

John J. Watson

**KANSAS DEPARTMENT OF
ECONOMIC DEVELOPMENT**

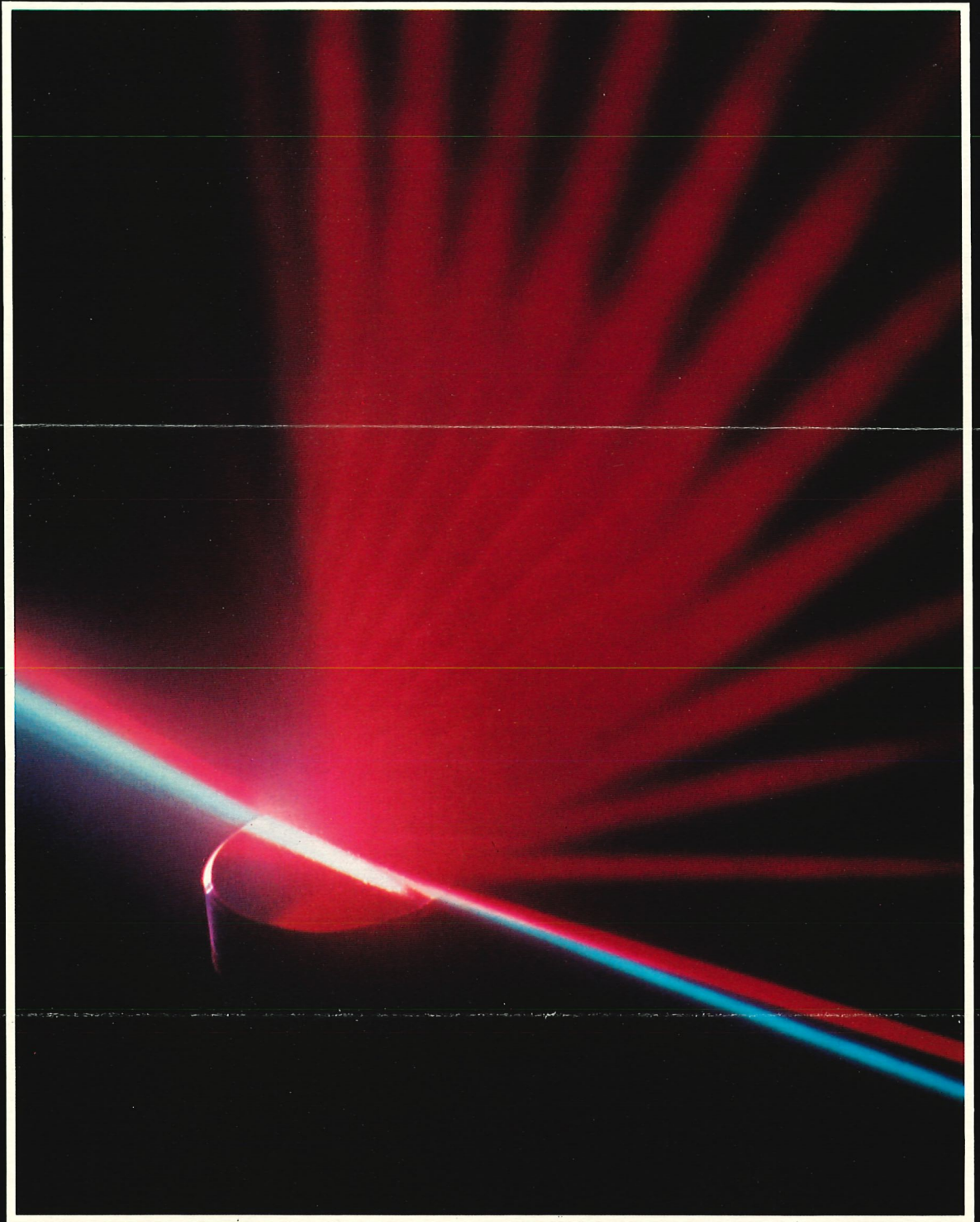
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P E R S P E K T I V E

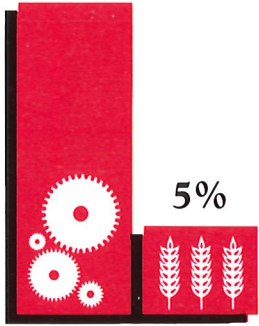


K A N S A S

Industrie und Wirtschaft

Anteil am Bruttosozialprodukt von Kansas (%)

18%



Produktion Landwirtschaft

Industrie und Wirtschaftsklima

Kansas ist einer der führenden US-Staaten auf industriellem und wirtschaftlichem Gebiet. Die verschiedensten Quellen - Alexander Grant & Co., das Wirtschaftsjournal Inc. magazine und die Minnesota Steuerstudienkommission stim-

men darin überein, daß in Kansas Regierung und Wirtschaft als ebenbürtige Partner an der Entwicklung des Staates beteiligt sind.

Quellen: Alexander Grant & Co., Inc. magazine; Minnesota Tax Commission

Vielfältige Wirtschaftsbasis

Kansas hat seit langem den Ruf, ein landwirtschaftlich orientierter Staat zu sein, und diese Beschreibung trifft im positiven Sinne tatsächlich zu; hier finden die Werte, denen die Menschen des mittleren Westens Bedeutung beimessen - selbständiges Denken und Handeln und Produktivität - ihren besten Ausdruck. Weit über die Landwirtschaft hinaus jedoch leistet der Sektor Produktion den größten Beitrag zur Wirt-

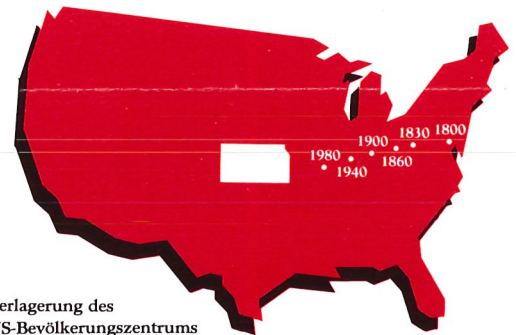
schaft des Staates. Kansas ist weltführend in der Herstellung von Privatflugzeugen, und unter den Firmen, die in der letzten Zeit "Bürger" unseres Staates wurden, befinden sich u.a. eine US-Testzentrale für Halbleiter, ein technologisch hochfortschrittlicher Druckereibetrieb und ein US-Telemarketingzentrum.

Quellen: Wirtschaftsbericht Kansas 1984; Ministerium für die Wirtschaftsentwicklung von Kansas

Das Marktgebiet

Kansas liegt in optimaler Nähe der regionalen und überregionalen Absatzmärkte und im geographischen Mittelpunkt des nordamerikanischen Kontinents. In einem Umkreis von 800 km lebt ein Drittel der US-Bevölkerung, und das Bevölkerungszentrum rückt immer näher. Dieser Markt umfaßt auf Einzelhandelsebene einen Wert von 330 Milliarden Dollar und etwa 42 000 Produktionsbetriebe.

Quellen: U.S. Statistical Abstract, Sales and Marketing Magazine; US-Zensus-Büro.



Verlagerung des US-Bevölkerungszentrums

Transport- und Verkehrsknotenpunkt

Durch sein hochentwickeltes Verkehrsnetz ist Kansas seit langem als zentraler Auslieferungspunkt für den gesamten US-Binnenmarkt anerkannt. Die vier Haupttransportmöglichkeiten umfassen

- Autobahnen, die 5800 allgemeinen Transportunternehmen und 9300 Lastkraftlinien eine schnelle Verbindung zwischen den einzelnen Staaten ermöglichen,

- 12 Bahnlinien, die Kansas City zum zweitgeschäftigsten Schienenumschlagplatz der USA machen,
- 19 Lufttransportgesellschaften, die Direktverbindung zu vielen Großstädten bieten,
- den schiffbaren Missouri mit seinen zahlreichen günstigen Anlegehäfen

Quellen: Kansas Corporation Commission; Transportministerium von Kansas.

Unternehmensförderungszone

Während in den Vereinigten Staaten vielerorts noch über das Thema "spezielle Unternehmenszonen" diskutiert wurde, hatte Kansas bereits stillschweigend ein einmalig flexibles Gesetz verabschiedet, das mehr als 90 solcher Zonen in allen Teilen des Staates einrichtete. Firmen, die sich in einer solchen Unternehmenszone ansiedeln, bieten sich folgende Vorteile:

- Steuergutschriften in Höhe von \$350 pro neugeschaffenem Arbeitsplatz und \$350 pro \$100.000 Neuinvestition pro Jahr auf 10 Jahre,
- 100-prozentige Umsatz- bzw. Nutzungssteuerrückvergütung für Ausstattung, Bau, Unter- und Instandhaltung neuer Firmenanlagen bzw. deren Erweiterung.

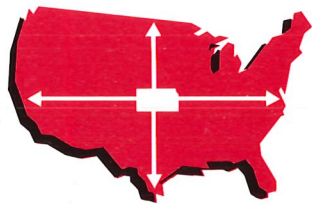
Quellen: Kansas Taxes/Incentives (1984); Ministerium für die Wirtschaftsentwicklung von Kansas.

Die Lebensqualität

Kansas steht regelmäßig mit unter den 10 Spitzenstaaten der USA, was die Lebenserwartung betrifft; dies ist zumindest teilweise unserem gemäßigten Klima und der reinen Luft zuzuschreiben. Die Menschen von Kansas sind robuste Leute, die sich im Familienkreis wohlfühlen und sich gerne im Freien aufhalten. Vom gemächlichen Tempo der kleinen Ortschaften bis zur rasanten Betriebsamkeit unserer Großstadtgebiete hat Kansas jedem etwas zu bieten: Nur wenige Autominuten entfernt fast 121 000 ha Wasserfläche zum Fischen, Segeln und Schwimmen, für Wasserskiport und Camping, dazu sportliche Veranstaltungen - Fußball

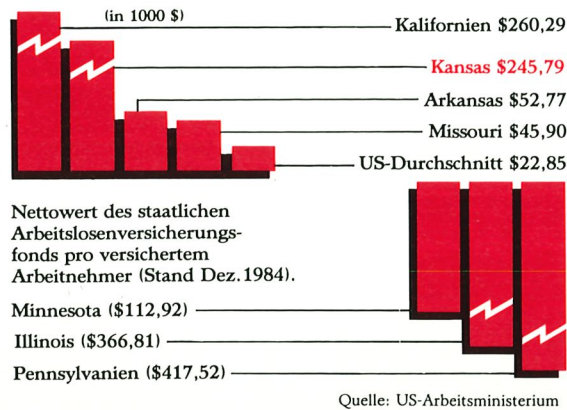
im europäischen und amerikanischen Stil, Baseball, Basketball, Rodeo und vieles mehr. Aber das Kulturelle steht keineswegs hinten. Von kleinstädtischen Laienspielbühnen zu talentreichen Theaterfestspielen, Museen und Konzerten stehen Veranstaltungen aller Art unter der Schirmherrschaft des Staates Kansas. Es nimmt nicht Wunder, daß in Kansas, wo 65 % der Zeit die Sonne scheint, die Kriminalität mäßig ist und sich eine unendliche Auswahl von Freizeitvergnügen bietet, die Qualität des Lebens zu den wünschenswertesten der ganzen Vereinigten Staaten zählt.

Quelle: US Statistical Abstract.



Finanzielle Verantwortlichkeit

Manche Staaten behaupten, daß sie wie ein Unternehmen geführt werden, bei wenigen kommt dies jedoch in der Praxis zum Ausdruck. Gemäß der Verfassung von Kansas muß der Staat mit einem ausgeglichenen Etat arbeiten. Dabei gehören unsere staatlichen und lokalen Steuern zu den niedrigsten des ganzen Landes. Der Körperschaftsteuersatz hat sich hier seit 1972 nicht geändert. Und der Treuhandfonds der Arbeitslosenversicherung von Kansas ist weiterhin höchst liquid - Kansas gehört zu den 10 US-Staaten, die in dieser Hinsicht führend sind.



Die berufliche und akademische Bildung

Der Durchschnittsbürger von Kansas ist dem Durchschnittsamerikaner bildungsmäßig überlegen. Mehr als 85 % der Einwohner über 25 haben einen Abschluß einer höheren Schule, und mehr als 33 % haben darüber hinaus eine Ausbildung von mindestens einem Jahr

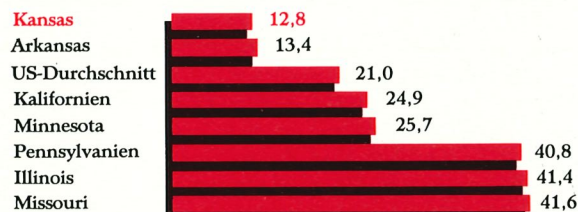
genossen. Für die Fortbildung stehen sieben staatliche Universitäten, 17 Privatinstitute, zwei technische Institute und 33 allgemeine Fortbildungsstätten bzw. technische Berufsschulen zur Auswahl.

Quellen: US-Statistical Abstract: Kultusministerium von Kansas.

Arbeitskräfte und Produktivität

Kansas ist ein Staat, in dem das Recht auf Arbeit ("Right-To-Work") in der Verfassung verankert ist. Weniger als 13 % der in der Fabrikation tätigen Arbeitskräfte gehören hier einer Gewerkschaft an, und die Gewerkschaftsmitgliedschaft sinkt hier schneller als im US-Durchschnitt. Darüber hinaus gehört Kansas zu den 5 führenden US-Staaten mit dem hier in der Produktion pro Arbeitnehmer pro Lohndollar erzielten Mehrwert.

Gewerkschaftsangehörigkeit - Prozentualer Anteil der nichtlandwirtschaftlichen Arbeitskräfte (1984)



Kansas-Industrie-Training (KIT)

In Zusammenarbeit mit der Berufsausbildungsverwaltung bietet das Ministerium für die Wirtschaftsentwicklung von Kansas ein staatlich finanziertes Programm für die Ausbildung vor der Einstellung und am Arbeitsplatz an. Die bereitgestellten Mittel können zu folgenden Zwecken verwendet werden:

- Neue Industrie und Expansion
- Unterrichtsmaterial und -bücher

- Audiovisuelle Vorführungen
- Gehälter, Spesen (Reise, Unterbringung, Verpflegung) der Ausbilder
- Materialien und Bedarfsartikel
- Unterrichtsräume
- Gewisse Zahlungen an öffentliche Versorgungsbetriebe (Gas, Elektrizität, Wasser)
- Planung und Ausarbeitung von Lehrplänen

Quelle: Ministerium für die Wirtschaftsentwicklung von Kansas

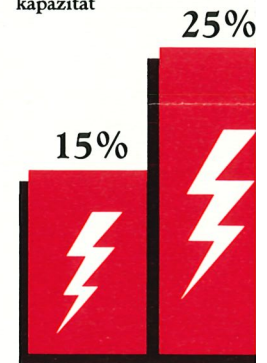
Öffentliche Versorgungsbetriebe

Im Vergleich zu zahlreichen anderen US-Staaten zeichnet sich Kansas durch geringe Energiekosten und eine der besten Energieversorgungsprognosen aus. Die Fabrikanten von Kansas genießen den Vorteil von Erdgas- und Elektrizitätskosten, die unter dem US-Durchschnitt liegen. Der Staat ist einer der größten Erzeuger von Erdgas und liegt an fünf-

ter Stelle in den USA mit seinen nachweislichen Reserven, welche die Energieversorgung noch auf Dekaden sicherstellen. Unsere Elektrizitätserzeugung zeigt einen Kapazitätsüberschuß von fast 25 %. Der Energieerzeugerverband der USA empfiehlt eine Kapazitätsreserve von 15 %.

Quellen: American Gas Association, Edison Electric Institut; US-Bergbaubüro; Ergebnis einer Befragung der Kraftwerke von Kansas

Überschuß in der Energieerzeugungskapazität



Empfehlungen des US-Energieerzeugerverbands

Kapazitätsreserve in Kansas

Steuerliche Vorteile

Über seine konkurrenzfähige Kombination besonders günstiger Anreize hinaus zeichnet sich Kansas auch weiterhin durch seine positive Einstellung gegenüber der Ansiedlung neuer Industrie aus, darunter:

- Körperschaftsteuergutschrift in Höhe von \$100 pro neugeschaffenem Arbeitsplatz und \$100 pro \$100.000 Neuinvestition pro Jahr auf 10 Jahre.
- Auf maximal 10 Jahre Stundung der Eigen-

tumssteuer auf Land, Gebäude und Anlagen, die über Industrieschuldverschreibungen finanziert werden.

- Rückerstattung oder Erlaß der Umsatz- bzw. Nutzungssteuer auf Geräten und Maschinen
- Eigentumssteuererlaß für Fertigproduktinventarien in besonderen Lagerhäusern im Rahmen des sog. "Freeport Law" (Freihafengesetz).

Quelle: Taxes/Incentives (1984)

Weitere Informationen sendet
Ihnen gerne: John J. Watson, Direktor,
Abteilung Internationale
Wirtschaftsentwicklung,
Wirtschaftsministerium von Kansas

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Training

KANSAS

Kansas Industrial Training Program

The Kansas Department of Economic Development coordinates a new and expanding industry training program with the Kansas State Department of Education, Vocational Education Administration. The program is designed to meet the specialized training needs of new and expanding companies. The Kansas Industrial Training Program involves a comprehensive and flexible approach to industrial training.

Development of Master Training Plan

Company representatives and state vocational training specialists analyze and identify manpower needs, job requirements, and the initial production schedule to design a training program geared to the company's specifications.

Special Training Methods

Pre-Employment Training—Prospective employees are provided the specific skills and knowledge necessary for job entry. Trainees usually attend on their own time and without pay. Pre-Employment Training allows the company and prospective employees an opportunity to look each other over thoroughly prior to any employment commitment.

On-the-Job Training—This type of training is provided after employment. Trainees

receive instruction on production equipment in classrooms or on the actual production floor. The trainees are paid by the company during this training.

Pre-Employment and On-the-Job Training may be used individually or in combination depending on the company's needs.

Qualified Instructors

Instructors are obtained from either the company's production supervisory staff, the state vocational-technical schools, or other sources.

Trainee Selection

The Kansas Department of Human Resources will assist in recruiting, testing, and screening potential trainees in accordance with the company's hiring specifications. The company makes the final selection of the trainees.

Training facilities may be set up in area vocational-technical schools, community colleges, in the plant, or in temporary rental facilities.

Supervision and Evaluation

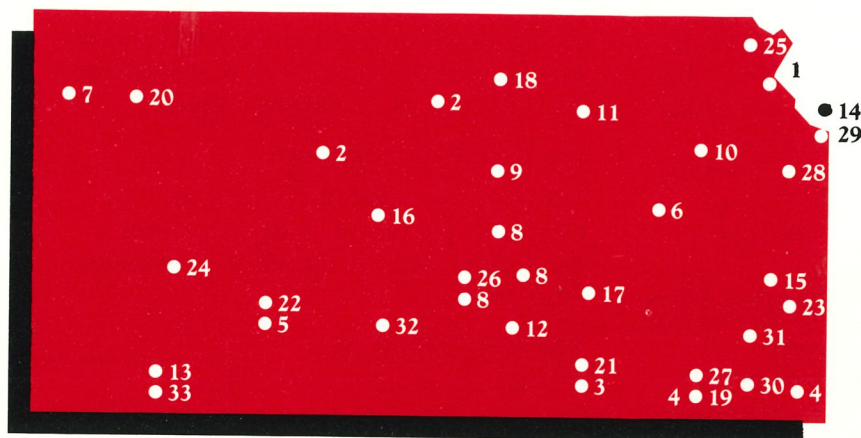
Both company representatives and state and local personnel supervise training activities and make adjustments as necessary. The training program is evaluated jointly by the company and the state and local training agencies at the program's completion.

Cost of Training

The Kansas Department of Economic Development and the Kansas Department of Education—Vocational Education pay the negotiated cost for the training. Examples of

typical training costs provided are instructional salaries; travel, lodging and meals; video tapes, training manuals and textbooks; supplies and materials; minor equipment; certain utility costs; and curriculum planning and development.

Training Programs Available— 14 Area Vocational Technical Schools & 19 Community Colleges in Kansas



13. Liberal AVTS—Liberal
14. Kansas City AVTS—Kansas City

Community Colleges

15. Allen Co. C.C.—Iola
16. Barton Co. C.C.—Great Bend
17. Butler Co. C.C.—El Dorado
18. Cloud Co. C.C.—Concordia
19. Coffeyville C.C.—Coffeyville
20. Colby C.C.—Colby
21. Cowley Co. C.C.—Arkansas City
22. Dodge City C.C.—Dodge City
23. Ft. Scott C.C.—Ft. Scott
24. Garden City C.C.—Garden City
25. Highland C.C.—Highland
26. Hutchinson C.C.—Hutchinson
27. Independence C.C.—Independence
28. Johnson Co. C.C.—Overland Park
29. Kansas City, KS C.C.—Kansas City
30. Labette Co. C.C.—Parsons
31. Neosho Co. C.C.—Chanute
32. Pratt Co. C.C.—Pratt
33. Seward Co. C.C.—Liberal

Area Vocational Technical Schools

1. Northeast Kansas AVTS—Atchison
2. North Central Ks. AVTS—Beloit, Hays
3. Cowley Co. C.C./AVTS—Arkansas City
4. Southeast Kansas AVTS—Coffeyville, Columbus
5. Southwest Kansas AVTS—Dodge City
6. Flint Hills AVTS—Emporia
7. Northwest Kansas AVTS—Goodland
8. Central Kansas AVTS—Hutchinson
9. Salina AVTS—Salina
10. Kaw AVTS—Topeka
11. Manhattan AVTS—Manhattan
12. Wichita AVTS—Wichita

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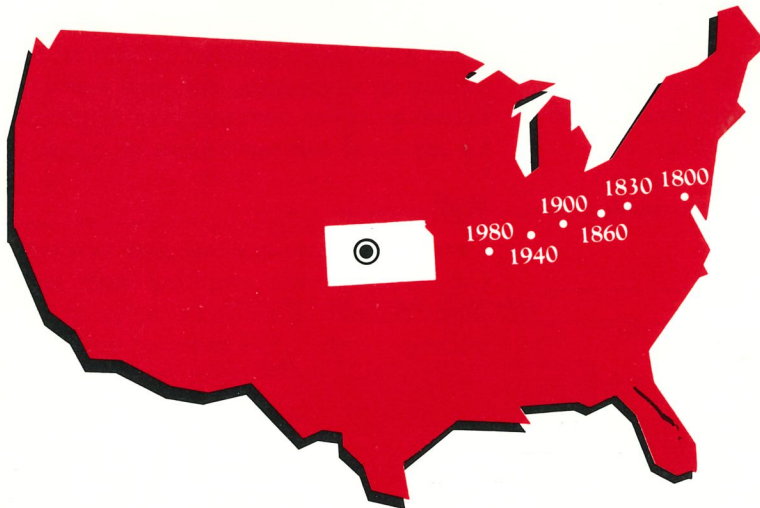
Markets/Transportation

KANSAS

Access to Markets

As the center of the U.S. population continues to move westward each year, Kansas finds itself in a greater strategic position. With this locational advantage, Kansas serves as an ideal location for

Location/Markets



- Center of U.S. Population
- Geodesic Center of U.S.

business firms serving national or regional markets. From a profit standpoint, the state's central location makes shipment of goods less costly due to easy accessibility to major metropolitan centers. Numerous production facilities, warehouses and distribution centers have chosen Kansas because its central location reduces shipping costs.

Facilitating its strategic location, Kansas has a well-developed transportation network.

The state has an excellent highway system and ranks third nationally in total road and street mileage. With Interstate-70 providing access to the east and west coasts, and Interstate-35 providing access north and south, Kansas is a major hub for trucking.

Interstate-29 provides further access north from Kansas City. Interstate-44 offers close interstate proximity to communities in southeast Kansas.

With over 7,000 miles of railroad trackage and with freight service provided by 14 rail carriers, goods are moved quickly and in a cost effective manner. A major rail terminus in Kansas City facilitates the movement of products to major marketing centers across the country. In fact, Kansas City is the second leading rail center in the nation based on the amount of annual shipments.

Another factor in the state's transportation network is an airport system evenly distributed across the state linking Kansas communities with key cities throughout the U.S. Currently, 12 airports provide commercial service.

Kansas City International Airport (KCI) serves eastern Kansas as a rapidly expanding air transportation hub. KCI serves as an important national focal point for both passenger and air cargo service with daily, direct service to 81 U.S. cities. With great potential for air traffic expansion, KCI offers a valuable resource for businesses needing access to air service.

Wichita's Mid-Continent Airport has grown rapidly over the last several years and has emerged as an important air traffic center. Strategically located in south central Kansas, Mid Continent offers passenger and air freight service to businessmen from the central and western portions of the state.

Market Potential

Kansas offers business and industry excellent opportunities for reaching potential customers. Approximately 31% of the nation's population (70 million persons) lives within 500 miles of Kansas' borders. Slightly over 29% (49 million persons) of the nation's urban population and 31% (25 million) of the nation's households fall within this same distance.

For the business selling directly to the consumer market, it is estimated that within a 500-mile radius of Kansas, slightly over \$600 billion in effective buying income (disposable personal income) is available for

the purchase of goods and services. This figure equates to about 30% of the effective, national buying income.

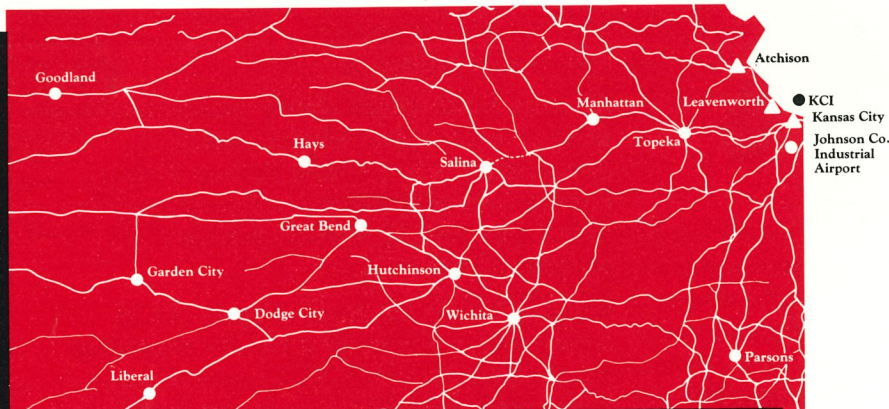
Approximately \$330 billion is spent on retail sales within a 500-mile radius of Kansas' border, representing almost 32% of all retail sales nationwide. Within this same geographic area, the populace spends more of its disposable personal income on retail sales than the national average.

For the firm selling directly to other businesses, over 42,000 manufacturing plants are located within a 500-mile radius of Kansas. About a third of those plants have over 100 employees. Approximately \$660 billion worth of goods are shipped annually from these manufacturing plants. With a per plant average of almost \$16 million in shipments, the area surrounding Kansas provides a tremendous opportunity for sales and the movement of goods.

Rail

Kansas has approximately four percent of the U.S. railroad miles, ranking sixth among all states. Kansas offers 7,000 miles of total trackage, with 3,529 miles of main line trackage and 3,471 miles of branch line trackage.

Rail, Air and Barge



- Airports with Commercial Service
- ▲ Barge Terminals
- Rail Lines

Major Railroads in Kansas

Railroad	Mileage
Union Pacific/Missouri Pacific Railroad.....	2,713
Atchison, Topeka & Santa Fe Railroad Co.	2,499
Burlington Northern, Inc.	639
Southern Pacific Railroad.....	375
Missouri-Kansas-Texas Railroad Co.	367
Mid States Port Authority	320
Others	87

Freight service in Kansas is provided by 14 rail carriers, which haul more than 20 billion ton miles of goods annually in

Kansas. In addition, these companies are energetic promoters of new industrial sites and planned area development.

In-Transit Shipping Times to Major Cities (In Days)

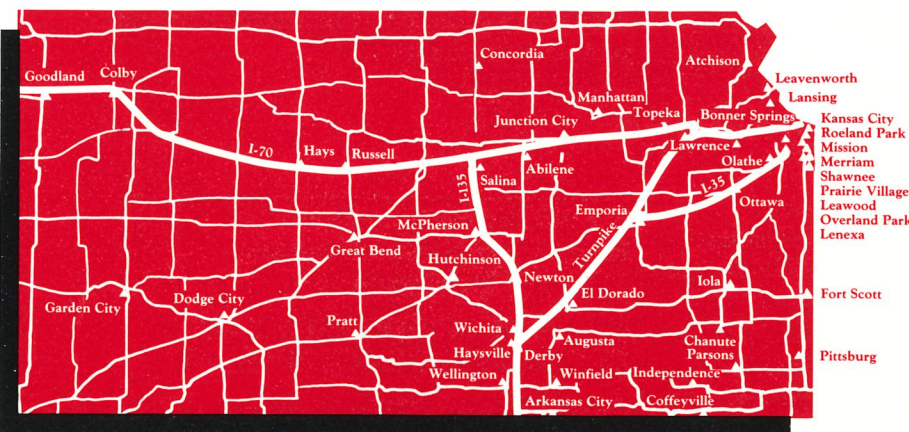
Destination	Car Load Shipments *	LTL **	TL ***
Atlanta.....	5	4	3
Boston.....	6	5	4
Chicago.....	2	3	2
Cleveland.....	5	3	3
Dallas.....	3	3	3
Denver.....	2	2	2
Detroit.....	5	3	3
Kansas City.....	1	1	1
Los Angeles.....	5	4	4
Memphis.....	3	3	3
New York.....	7	4	4
Omaha.....	2	1	1
Oklahoma City.....	2	2	2
Philadelphia.....	6	4	4
Phoenix.....	3	4	3
St. Louis.....	2	2	2
Seattle.....	5	5	4

* Less-than-car load shipments are no longer available by rail

** LTL: Less-than-truck load

*** TL: Truck load

Interstate and Major Highways



- Interstate Highways
- U.S. Highways
- ▲ Communities over 5,000

Throughout the state, both urban and rural areas are provided with excellent rail service. In fact, over 900 incorporated and unincorporated cities are served by rail. Due to the abundance of track mileage in Kansas, over 110 communities are served by more than one railroad. In those communities where straight interchanges are available, reciprocal switching agreements are possible between railroads. Over 70 reciprocal switching points are available across the state.

Eleven piggyback ramps operate in Kansas. The facilities are located in Kansas City, Liberal, Parsons, Wichita, Emporia, and Newton.

The Amtrak rail passenger system operates daily runs through Kansas on its Chicago to Los Angeles and return route. Kansas cities served by Amtrak on this route include Topeka, Lawrence, Emporia, Newton, Hutchinson, Dodge City, and Garden City.

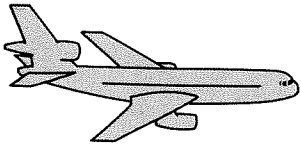
Highways

Kansas' motor carrier service is greatly facilitated by a system of interstate highways, primary roads, and secondary roads. There are nearly 9,000 highway miles in the state. Kansas has over 820 miles of interstate highway, with over 97% of the mileage completed. Interstate-70 crosses Kansas from east to west, and Interstate-35 provides access from Kansas City, southwest through Wichita.

Operating in and through Kansas are more than 5,800 common carriers and 9,300 contract carriers. Due to the state's proximity to major markets across the country, transit times for common carriers are most competitive.

Motor carriers operating in and through the state are governed by maximum gross vehicle weights. The maximum gross weight

allowable on the interstate highway system is 80,000 lbs. The corresponding maximum gross weight on the state U.S. highway system is 85,000 lbs. For both the interstate system and state U.S. highway system, the weight limitation on single axles is 20,000 lbs., and on tandem axles it is 34,000 lbs. The maximum distance allowable between extreme axles is 60 feet. The maximum total length on a single truck is 42½ ft. and on a semi-trailer is 65 ft. (K.S.A. 8-1908; 8-1909).



Air

Kansas' involvement in the aviation field is more than from a strict transportation standpoint. More than 50 percent of the general aviation equipment in the U.S. flows from the highly technical complex composed of Beech, Cessna, Gates Learjet, and related corporations in the south central portion of the state.

Since aviation is one of the cornerstones of the Kansas economy, it follows naturally that Kansas has a well-developed airport system. The state ranks 12th nationally in the number of airports. More than 120 public airports are open to general access with approximately two-thirds of these having paved runways. Not only are airports plentiful in Kansas, but they are also evenly distributed throughout the state.

The two largest commercial air service facilities available to Kansas are the Kansas City International Airport and the Wichita Mid-Continent Airport. Within Kansas, 12 airports provide commercial service. These airports are located in Wichita, Topeka, Manhattan, Salina, Hutchinson, Parsons, Great Bend, Hays, Liberal, Dodge City, Garden City, and Goodland.

Serving the state are many nationwide and regional air carriers. In addition, there are a

number of air commuter services located throughout the state which can provide supplemental service to various portions of the state.

Rounding out the Kansas aviation infrastructure is air cargo service. Direct cargo service is offered to Los Angeles, New York City, Denver, Dallas-Fort Worth, St. Louis, Kansas City, and a number of other important cities. Among the air cargo industry leaders serving Kansas are: Emery, Federal Express, Airbourne Freight, Flying Tigers, and Purolator Courier.

Inland Waterways

Traffic on inland waterways is on the upswing. With rising fuel costs, waterways are regaining some of the business lost to the faster modes of transportation.

Kansas is fortunate to have 122 miles of Missouri River access in the northeast corner of the state. The major Kansas ports located on this stretch of the Missouri River are at Atchison, Leavenworth, and Kansas City. The bulk of the shipments are comprised of foodstuffs, fertilizer, and machinery. The shipping season is between eight and nine months duration.

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National Carriers:

- American Airlines
- Braniff
- Continental Airlines
- Northwest Orient Airlines
- Trans World Airlines
- United Airlines
- Eastern Airlines
- Delta Airlines
- US Air
- Pan Am
- World Airways

Regional Carriers:

- Frontier Airlines
- Air Midwest
- Republic Airlines
- Midway
- American Central
- American West
- Ozark Airlines
- Southwest Airlines
- Western Airlines

KANSAS

Tax-Exempt Bonds for Economic Development

Tax-exempt bonds are one of the most economical methods of financing available to credit-worthy companies planning to construct and equip new facilities, expand, re-equip or remodel existing facilities.

Definition

Economic development bonds, generally referred to as industrial revenue bonds (IRB's), are securities issued by municipalities and counties for the purposes of purchasing land, constructing buildings thereon, and equipping same or purchasing existing facilities, for lease and eventual sale to responsible companies. Principal and interest on the bonds are paid only from the rental payments made by the lessee. It is not intended that there be any direct profit to, or contingent liability on the part of, the lessor. It is vital that the company have sufficient financial resources to assure prompt payment of obligations over the life of the bond issue. Such bonds represent a low-cost method of financing job development, thereby improving the overall economic welfare of the community.

How They Work

Economic development bonds provide funds for 100 percent financing of the cost of the land, buildings and equipment as well as other developmental and financing costs including, but not limited to, engineering, architectural, legal and underwriting expenses related to the project. The cost of the funds is significantly below that of other alternatives because the interest paid to

holders of such bonds is exempt from Federal and State of Kansas income tax liability.

The repayment schedule for IRB's can be structured to meet the cash flow circumstances of each individual company; it may be in the form of level debt service payments or a variation of that method. An issue of bonds maturing in 20 years is regarded as the standard term; however, a shorter maturity schedule will produce a lower interest cost. The bond repayment schedule may take the form of serial or term maturities.

This form of financing in Kansas is such that it is accomplished without the involvement of Federal regulatory agencies. However, as a result of the Federal 1984 Tax Act (see Federal Restrictions), IRB users must file a notification in writing with the Secretary of the Kansas Department of Economic Development (KDED).

Requests for issues of \$10 million or less shall be approved in the order of receipt by KDED. The Secretary of KDED shall act on such requests within five days. The Secretary will have 21 days to act on requests over \$10 million.

Approval of the issuance of IRB's by the Secretary of KDED expires 60 calendar days after the approval date of the original request. If issuance of the bonds has not begun within that time period, the issuer can reapply for approval, with the new approval date in effect for 30 days.

In addition, the IRB user must file certain documents and information with the Kansas Board of Tax Appeals. This filing is for

public record purposes and does not involve regulatory proceedings.

Under normal conditions the entire process of bond issuance can be completed within 60 days and necessitates only minimal staff commitment by the lessee company.

The lease agreement is designed so as to entitle the lessee to normal depreciation, deduction of the interest payments and use of applicable investment tax credits.

State law allows the property financed with IRB's (taxable or tax-exempt) to be exempt from local ad valorem (real and personal property) taxation for 10-years after the bonds are issued. It should be pointed out that some municipalities require varying percentages of normal taxes be paid during the 10 years in the form of "payments in lieu of taxes;" some opt for making charges for "city services," while others follow the full 10-year ad valorem tax exemption. The cost of building materials and items of equipment permanently installed are exempt of state and local sales taxes.

The tax-exempt feature of bond interest will result in savings of 2-3% over conventional interest costs.

Project Limitations

Limitations have been imposed upon the dollar amount of a single project that can be financed by tax-exempt development bonds. Section 103 of the Internal Revenue Code was amended in the fall of 1978 to the extent that:

- a. An issuer can provide a company with up to one million dollars tax-exempt bonds free of any restriction on capital expenditures; or
- b. An issue or issues of revenue bonds can provide a maximum of \$10 million in tax-exempt financing subject to the limitation that a company is restricted to a capital spending program of \$10 million at any one location over a period of

three years before and three years the date of issue. If capital expenditures exceed this limit during the six-year period, the bonds will lose their tax-exempt status at that time. Provisions in the lease provide for automatic and mandatory redemption of the outstanding bonds if such a violation occurs.

- c. If a municipality applies for funds through HUD's Urban Development Action Grant program for use in a project, then the capital expenditure limit becomes \$20 million of which \$10 million can be financed with tax-exempt bonds and the balance with taxable IRB's.
- d. In the event a company contemplates capital expenditures which do not conform with the limitations as set forth in Section 103 of the IRS Code, advantages can still accrue. For example, a firm planning a capital outlay of \$15 million could finance \$1 million through tax-exempt bonds and the balance by taxable bonds. This approach continues to permit an exemption of all bond-financed property from ad valorem taxation, etc. Hence, taxable IRB's in any amount can still produce lower financing (on a net basis) in Kansas than conventional methods.

Revenue bonds to finance air and water pollution control facilities and for some other limited purposes are completely exempt from the above size limitations.

Federal Restrictions

The 1984 Federal Tax Act imposes restrictions on the issuance of tax-exempt IRB's. The Federal legislation set a volume cap of \$150 per capita on the issuance of such bonds during a calendar year. In 1985, Kansas is limited to \$360 million ($\$150 \times$ state population of 2.4 million) in tax-exempt bonds.

In addition to the volume cap, limitations on tax-exempt IRB's include:

- a. A \$40 million limit on the outstanding amount of tax-exempt IRB's for which the same company is considered the "beneficiary." The \$40 million limit is distinguished from the existing \$10 million and \$1 million small issue limits (see Size Limitations) in that the \$40 million is determined on a nationwide basis.
- b. The aggregation of separate small issues, part or all of which are to be used with respect to a single building, enclosed shopping mall or a strip of offices, stores or warehouses using common facilities. The provision requires that all of the issues for the different project portions be considered a single issue and that the principal user be considered the principal user for the aggregated issue. This applies to bonds issued after December 31, 1983.
- c. Elimination of the use of IRB's for financing skyboxes or private luxury boxes, airplanes, health club facilities, gambling establishments or stores, the principal business of which is the sale of alcoholic beverages for consumption off the premises.
- d. Prohibiting more than 25% of bond issue proceeds to be used to acquire nonagricultural land. Unless special exceptions can be met, the provision applies to all IRB's, including small issues and issues for exempt facilities and refundings, issued after December 31, 1983. In effect, this provision sets out the requirement that a purchase with bond proceeds of land, buildings, and improvements cannot have land costs exceeding 25% of the total purchase costs.
- e. Denying the use of any industrial development bond proceeds to finance just the acquisition of existing property.

However, under the rehabilitation exception, proceeds of tax-exempt IRB's may be used to acquire an existing building (and the equipment therefore), provided that the cost of rehabilitating the property equals or exceeds 15% of the portion of the cost of the existing property financed with the proceeds of the bonds. Rehabilitation must occur within two years after the date the building or facility is acquired or the date the bonds were issued.

Again, a rehabilitation exception exists for "facilities other than a building" (ex. public facilities) except that the cost of rehabilitating such facilities must exceed 100% of the portion of the cost of the facilities financed with bond proceeds. Once again, the two year time limit is in effect.

- f. The requirement that depreciation be figured on a straight-line cost recovery basis for property placed in service after December 31, 1983.
- g. Extension of the small issue IRB exception from December 31, 1986 to December 31, 1988. However, the extension is only for a "manufacturing facility" which is defined as "any facility which is used in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property)."

Bonds Exempt From SEC Registration

On August 10, 1970, Congress amended Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934 to exempt from the registration provisions of those Acts certain issues of IRB's. In addition, the SEC exempted such bonds from the filing or qualifying requirements of the Trust Indenture Act of 1939. These exemptions increase the economic advantage of a company in using IRB financing.

Repayment of Bonds

The repayment schedule can be tailored to fit the company's particular financial requirements. By far the majority of development bond issues are structured around a 20-year maturity schedule. Generally the bonds are not callable during the first ten years except in the eventuality of damage or destruction of the property or condemnation. Terms and conditions governing such events are contained in the lease and other documents as well as details concerning the price at which bonds may be redeemed upon expiration of the non-callable period.

The Lease Agreement

The basic security instrument is a lease agreement usually written on a "net-net" basis. It is fundamentally an unconditional obligation of the company to pay specific amounts sufficient to amortize the bonds over the term of the lease. The issuer has no control or authority over the construction nor in the ordinary operation of the project by the company. The company may make structural changes to the building and replace items of machinery and equipment within certain limits. There are, of course, no restrictions on replacement equipment to be purchased with corporate funds. Maintenance of the property and adequate insurance is the direct responsibility of the company. Other provisions of the lease agreement include:

- a. Obligation of the company to complete the project in the event the bond proceeds prove to be insufficient to cover all costs.
- b. Provisions to allow the company to terminate in the event of condemnation or destruction of the project.
- c. Assignment and sub-leasing by the lessee.
- d. Replacement of equipment.
- e. Criteria and remedies in the event of default.
- f. Purchase of the facility at a nominal price and/or renewal options upon final maturity of the bonds.
- g. Arrangements for later expansion of the facility and conditions concerning disposal of excess land.

Procedure for Bonds Issuance

The main steps to be undertaken toward completion of this type of financing and before ground is broken are:

- A. Agreement relating to formation of underwriting arrangements and securing no more than an option on building site.
- B. Execution of a resolution of intent between issuer and company.
- C. Notification of the Secretary of KDED of the intent to issue IRB's.
- D. "Approval of Issuance" extended by the Secretary of KDED based upon the availability of a portion of the state IRB cap.
- E. Completion of first draft of the following basic documents by bond counsel:
 - (1) Lease agreement between issuer and company.
 - (2) The bond resolution or ordinance authorizing the financing to be adopted at a later date by city or county governing body.
- F. Adoption of bond ordinance by issuer authorizing the financing.
- G. Execution of the basic documents.
- H. The closing, at which delivery and payment for the bonds is made by the investment banker/underwriter and proceeds deposited into a construction account.

Alternative Types of Financing

Community Development Block Grant (CDBG)

The Kansas Department of Economic Development administers this program for the U.S. Department of Housing and Urban Development. Cities and counties can apply for CDBG economic development funds to be used for water, sewer or other infrastructure improvements to assist new or existing companies to create or retain jobs. These funds can also be used to provide direct financial assistance to firms for the acquisition of land, construction of buildings, and purchase of machinery and equipment. CDBG funds can be in the form of grants or low-interest loans to the recipient firm by the sponsoring city or county.

Small Business Administration The mission of SBA is to help people get into business and to stay in business. SBA offers a variety of loan programs to small businesses that cannot secure financing from conventional lenders. The two basic types of business loans are:

1. Loans made by private lenders, usually banks, and guaranteed by SBA. Loans can be guaranteed up to a maximum of \$500,000 or as high as 90% of the loan. The average size of a guaranteed loan is \$155,000 and the average maturity is eight years.
2. Loans made directly by SBA. The maximum loan limit is \$150,000. A direct loan cannot be made unless a private lender refuses to make a loan or take part in a SBA guaranteed loan.

Kansas Development Credit Corpora-

(KDCC) The Kansas banking community established the KDCC to provide loans to businesses unable to secure financial assistance from conventional lenders. The KDCC operates by borrowing funds from more than 400 member Kansas banks. The maximum loan is \$250,000. In addition, KDCC purchases the SBA guaranteed portion of new or existing loans from Kansas banks. KDCC can serve manufacturers, retailers, wholesalers, or service firms.

Kansas Venture Capital, Inc. The Kansas Development Credit Corporation and the Kansas banking community formed Kansas Venture Capital, Inc. to provide debt/equity capital to small businesses. Kansas Venture Capital can loan up to \$200,000 to any company that meets SBA requirements for a small business.

"503" Certified Development Companies

The Certified Development Company Loan Program, as sponsored by the Small Business Administration (SBA), provides "503" loans for fixed asset purchases, such as land, buildings and equipment. Small businesses can receive up to \$500,000 for eligible project costs, although the SBA portion cannot exceed 40% of the total project cost. The "503" program enables small businesses to keep working capital invested in profit-making receivables and inventory, rather than fixed assets. Nearly 90% of cities and counties in Kansas belong to a Certified Development Company.

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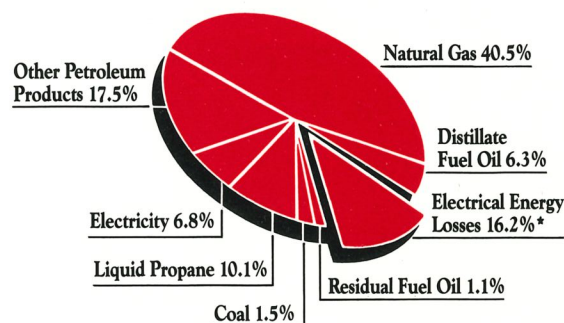
Utilities

KANSAS

Natural Gas

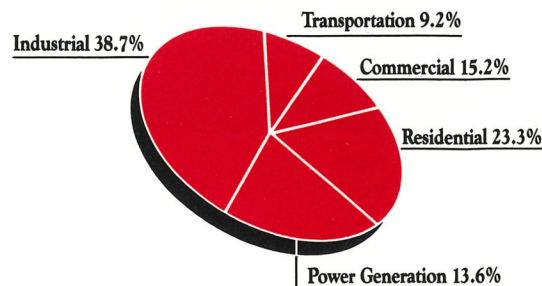
Kansas has a long-term supply of 1,000 Btu rated natural gas available for industrial use. Throughout most areas of the state there are no marketing constraints on the sale of the fuel, hence requirements of new large volume customers can be met. In 1983, the latest reporting year, the use of natural gas by Kansas manufacturers surpasses the use of any other energy.

Kansas Industrial Energy Consumption—1983



*Electrical Energy losses are incurred in the generation and transmission of electricity plus plant use and unaccounted for losses.

Kansas Natural Gas Consumption, 1983



There are 42 natural gas companies in Kansas. During 1983, these companies supplied the state's industrial users with 134.0 billion cubic feet.

Natural gas consumed in Kansas is transported by a number of pipeline/transmission companies. The two major pipelines serving the state are Northwest Central and Internorth; transporting approximately 60% of the state's total consumption.

Although Kansas manufacturers obtain natural gas primarily from distribution companies, direct hookups from transmission lines are generally available in those few areas not served by distributors. Of the 42 natural gas companies serving Kansas, 18 operate transmission lines, 10 operate distribution lines, and 14 operate both transmission and distribution lines. The major companies within each category are detailed as follows:

Major Natural Gas Companies Serving Kansas

Company	Type	Constraints on Large Volume Users	Direct Transmission Line Hookups Available to Industrial Users
Northwest Central Pipeline Corp...	Transmission	None	Yes
Internorth, Inc. ...	Transmission/Distribution	None	Yes
KPL Gas Service ..	Transmission/Distribution	None	Yes
KN Energy, Inc....	Transmission/Distribution	None	Yes
ARKLA, Inc.	Transmission/Distribution	None	Yes
Union Gas System	Transmission/Distribution	None	Yes

SOURCE: U.S. Department of Energy.

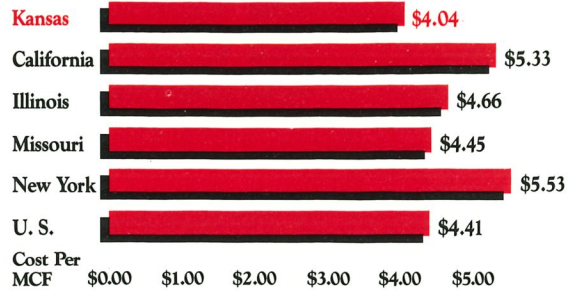
SOURCE: "Telephone Survey", July, 1985, KDED

In 1983, Kansas ranked fifth nationally in natural gas production, comprising 2.6% of the total U.S. production with 438,000 MCF extracted. Kansas natural gas production is 6.3% more than its consumption.

The state contains one of the world's largest deposits of natural gas—the Hugoton Gas Area. Located in the southwest corner of Kansas, the Hugoton Area spans over 4,800 square miles. During 1983, Hugoton accounted for 60% of the state's gas production. Additional gas deposits are located in the south central and southeastern sectors of the state.

Kansas' sizable natural gas production, along with its excellent transmission and distribution network, cause industrial gas rates to be below the national average.

Average Natural Gas Prices to Industrial Users by Selected States, 1983



SOURCE: American Gas Assoc., Gas Facts, 1982 Data, Arlington, VA 1983

NOTE: During June, 1984, the price of natural gas to industrial users in Kansas averaged \$3.70 per MCF. This price is based on 3,000 MCF per month usage.

Major Natural Gas and Pipeline Companies in Kansas



<u>—————</u> Kansas Power & Light	■ Hugoton Gas Area
<u>—————</u> Arkansas—Louisiana	■ Gas and Oil Area
<u>—————</u> Internorth	■ Gas Area
<u>—————</u> Union Gas	
<u>—————</u> Kansas-Nebraska	
<u>—————</u> Northwest Central Pipeline Corp.	

Electric Power

Four investor-owned companies generate over 60% of the electric power in Kansas. The balance of the state's electric power is generated by two out-of-state investor-owned companies, two investor-owned cooperatives, and 60 municipal utilities. Of the municipal utilities which generate power, 56 of these are interconnected with investor-owned entities. Coupled with the state's generating capabilities, there is a network of 36 cooperatives and 68 municipalities providing strictly distribution service.

Analysis of Investor-Owned Utilities in Kansas

	Percent Change 1979-1983			
	1979	1983	Kansas	United States
Energy Sales to Industrial and Commercial Users (kilowatt-hours in millions)	10,115	9,918	-1.9%	0.0%
Generating Capacity (kilowatt-hours in millions)	5,802	7,182	+23.8%	+8.9%
Industrial & Commercial Customers	82,777	85,396	+3.2%	+5.5%
Circuit Miles of Overhead Line of 22,000 volts and above	9,590	10,040	+4.7%	+31.8%

SOURCE: Edison Electric Institute

The intrastate power network is interconnected with most electric systems east of the Rocky Mountains via a multi-state grid system. A 345,000-volt transmission line runs from Oklahoma to Kansas City and on to St. Louis, before branching out into the Eastern United

Major New Power Plants Recently Completed

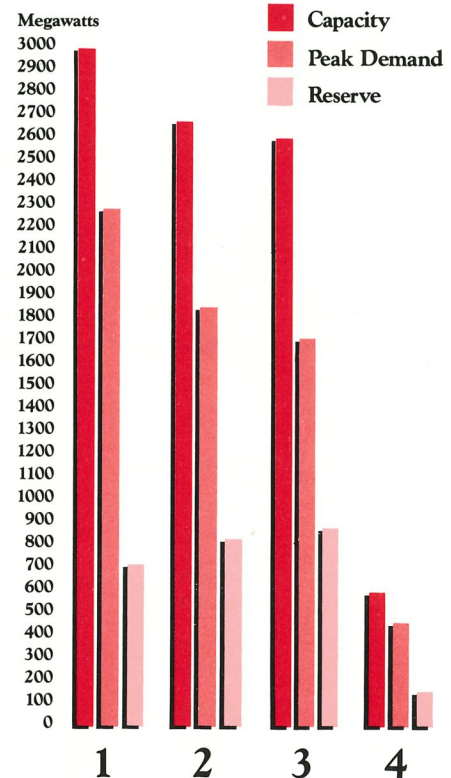
Plant	Company	Location	Capacity (megawatts)	Type
Jeffery Energy Center (1)	KPL Gas Service	Pottawatomie County	2,040 (3 units)	Coal
Sunflower Electric (2)	Sunflower Electric	Garden City	280	Coal
Wolf Creek (3)	Kansas Gas & Electric	Burlington	1,150	Nuclear

- (1) All three units have been completed and are currently in use. Also participating in the project are Kansas Gas & Electric, Missouri Public Service Company, and Western Power Division of Central Telephone & Utilities (Centel).
- (2) The unit was completed in August, 1983. Sunflower is owned and governed by its eight distribution rural electric members throughout the western one-third of Kansas.
- (3) The plant is to be in full operation by October, 1985. Kansas Gas & Electric is in partnership with Kansas City Power and Light and Kansas Electric Power Cooperatives, Inc. on this project.

States. The grid system allows for cost effective purchases of electric power, in addition to providing a source of electric energy during emergencies. Over the last 15 years, Kansas has experienced no major electric power shortages.

One of the best indicators of an electric power system's reliability is the reserve power capacity of the system. Unless sufficient reserve capacity is in existence, peak power demands cannot always be met. The nationwide electric power industry recommends a reserve capacity of 15% of total generating capacity. The current combined reserve capacity of the four major investor-owned companies in Kansas is estimated to be 28.8%. As the demand for electricity increases nationally over the rest

Suppliers in Kansas Four Major Power



1. Kansas City Power & Light
2. KPL Gas Service
3. Kansas Gas & Electric
4. Western Power Division—Central Telephone & Utilities

SOURCE: "Telephone Survey to Individual Power Suppliers", Kansas Department of Economic Development, July 19, 1985

of this century, Kansas utilities should be in a position to continue the state's excellent record for reliable service.

Of major importance to the electric energy base is the close proximity to an abundant supply of low-sulfur coal in Wyoming. The Wyoming coal fields supply over 70% of the coal used in the generation of electric power in Kansas.

Because of the close proximity to a major source of coal, the resulting low transportation costs make coal an extremely cost-effective source of fuel for power generation. During 1983, the cost of fuels per kilowatt-hour produced in Kansas were: coal—1.29¢, natural gas—2.60¢, and fuel oil—2.85¢.

The following table shows the shift from natural gas to coal for electric power generation. As a result, coal has emerged as the dominant source of electric power generation.

Electric Power Generation by Energy Source

	Coal	Oil	Natural Gas
1983	82.4%	1.1%	16.5%
1980	64.5%	1.7%	33.7%
1977	36.8%	11.3%	51.9%

Representative Electric Prices in Kansas to Industrial Users for Selected Levels of Service, January, 1985

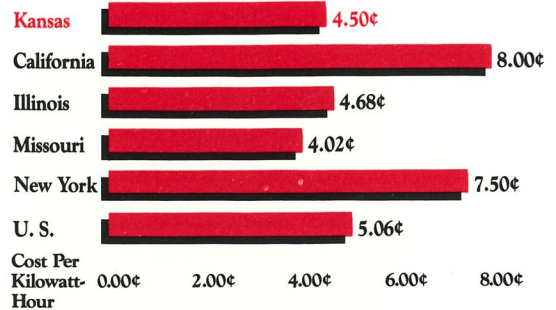
Cost Per Kilowatt-Hour		
Kilowatt Demand	Load Factor (%)	Cost (¢)
300	27	7.04¢
300	55	5.41
500	27	6.83
500	55	5.32
1,000	27	6.66
1,000	55	5.13
5,000	42	5.36
5,000	69	4.50
10,000	42	5.30
10,000	69	4.47

SOURCE: Edison Electric Institute, Winter 1985

NOTE: Cost Per Kilowatt-Hour includes base rate, surcharges, fuel adjustment, and research and development.

Along with a low fuel cost for power generation, a strong record of reliable service and excellent reserve capacity, Kansas features competitive electric prices. The following graph compares Kansas with selected states in terms of investor-owned utilities.

Average Electric Prices for Industrial Users by Selected States, January, 1985



NOTE: The prices are based on 5,000 KW demand and 2,500,000 KWH. Prices include base rate, surcharge, fuel.

Telecommunications

Kansas business and industry have access to one of the nation's most sophisticated telecommunications networks. Service is provided by Southwestern Bell Telephone and 39 local independent telephone companies. Southwestern Bell serves 95 percent of homes and businesses in the state with 950,000 access lines in 177 communities.

More than 60 percent of Bell's customers are connected to electronic switching systems. These systems offer advanced business communications capabilities, as well as custom calling features such as call forwarding, call hold, call waiting, conference calling and speed calling. Many of the independent telephone companies offer similar services.

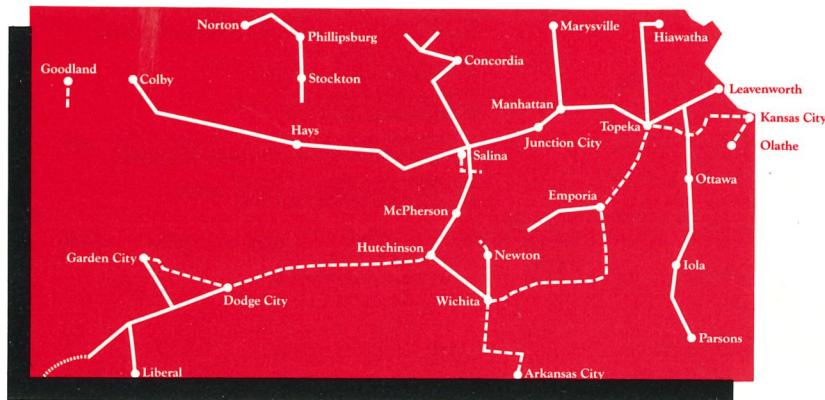
The Kansas information transportation network is taking on a new high-tech emphasis with Southwestern Bell alone investing \$125 million in system improvements. A major component of this upgrading is installation of digital call switching machines and fiber optic cables. These digital switches and fiber optic cables

transmit voice and data as pulses of pulsed light from tiny lasers. Digital and fiber optic systems offer greater transmission capacities and work at much higher speeds in comparison to conventional systems. The resulting network will offer transmission capacities as high as 45 megabits per second.

The installation and availability of fiber optic cable is rapidly increasing throughout the state. Fiber technology, coupled with existing digital radio technology, provides a high-speed communications network for business and industry. The accompanying map shows the digital radio network serving Kansas as well as the fiber optic routes that will be completed by 1988.

Network capabilities are being further enhanced by the use of pair gain systems. This technology increases the transmission capacity of existing copper cable and conditions it to carry digital computer data. By the end of 1986, more than 600 pair gain systems will be in place across Kansas.

The Kansas telecommunications network is committed to providing quick, thorough response to customer needs. The availability of advanced technologies such as fiber optics, digital radio, digital switches and pair gain will play an important role in the future economic growth of Kansas.



- Southwestern Bell Telephone Fiber Optic Projects
Approved For Construction Through 1988**
- Fiber Optic Projects Constructed By Southwestern Bell
Telephone For Independent Telephone Companies**
- Southwestern Bell Telephone Digital
Radio Transmission Routes**

**For full details contact:
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Taxes/Incentives

KANSAS

The legislative and executive branches of the Kansas state government are committed to providing an equitable tax environment for business. Kansas' corporate income tax rate was last changed in 1970.

Job Expansion and Investment Act

The establishment of new business facilities is an important factor in the growth of the Kansas economy. As a result, the State of Kansas grants an income tax credit to encourage new business facilities.

The Job Expansion and Investment Credit Act, as set forth in K.S.A. 79-32,153, allows for a qualifying business to receive the tax credit for a period up to ten years. The act authorizes the credit to individuals, corporations, and fiduciaries meeting the provisions of the statute.

In order to qualify for the credit, a new business must meet certain conditions:

- First, the new business must be a taxpayer in the state.
- Second, the new business must be a revenue producing enterprise. A revenue producing enterprise is one involving assembly, fabrication, manufacture, or processing of any agricultural, mineral, or manufactured product; storage, warehousing, distribution, or sale of any products of agriculture, mining, or manufacturing; feeding of livestock in a feedlot; operation of laboratories of research, development, or testing; performance of services of any type; or the administrative management of any of the above activities.
- Third, the new business must establish a new business facility. This includes any factory, mill, plant, refinery, warehouse, feedlot, or other building, and all accompanying land, machinery, equipment, and other real and tangible personal property.

- Fourth, the new facility must employ at least two new employees.

Once these conditions are met, the new business is allowed an income tax credit of \$100 per each new employee, plus \$100 for each \$100,000 of new capital investment. This tax credit cannot exceed more than 50% of the total income tax liability for the year the credit is taken. The credit is recomputed each year during the 10-year period to reflect any changes in the amount of jobs or capital investment.

The Job Expansion and Investment Credit Act is not only applicable to new business, but also to certain facility expansions. Facility expansions are eligible for the credit if the amount invested in the expansion exceeds \$1,000,000, or if less, exceeds 100% of the investment in the original facility. In addition, the expansion must fall within the definition of a new business facility.

Coupled with the aforementioned standard provisions, other provisions allow for individual flexibility:

- First, a business may elect to delay the start of the 10-year period for up to three years.
- Second, a business may transfer or retain the credit if the facility is acquired by, or leased to, another entity.

Corporate Income Tax

For corporations whose facilities are solely within the state boundaries, the following computation is used: The tax is computed at a rate of 4½% of net income. Net income in excess of \$25,000 is subject to a 2¼% surtax.

For those corporations having facilities both inside and outside the state, the net income attributed to the Kansas operations is a proportion based upon the percentage of the corporation's business that is located in

Kansas. This is based on a “three-factor formula” of the proportion of sales, property, and dollar payroll attributed to the Kansas facility.

The following example demonstrates how the state corporate income tax interfaces with the Job Expansion and Investment Credit Act. This example is based on 100 employees, \$1,000,000 capital investment, and \$200,000 Kansas taxable net income:

1. Kansas taxable net income	\$200,000.00
2. Kansas corporate income tax	\$ 12,937.50
(a) 4½% × \$25,000	\$ 1,125.00
(b) 2¼% × excess of \$25,000, i.e.,	\$11,812.50
3. Credit	\$ 6,468.75
(a) \$100/employee	\$10,000.00
(b) \$100/\$100,000 capital investment	\$ 1,000.00
(c) TOTAL credit	\$11,000.00
NOTE: Total credit cannot exceed 50% of corporate income tax.	
4. Total income tax liability—line 2 minus 3	\$6,468.75

Since the tax credit can be taken for up to 10-years, the total amount saved can be quite substantial. If the aforementioned example were to remain constant for the 10-year period, a total savings of \$64,687.50 would be realized.

Enterprise Zone Act

The Enterprise Zone Act, as set forth by K.S.A. allows for the establishment of enterprise zone areas in eligible communities. Special incentives are provided to both new businesses locating in designated zone areas and existing companies expanding in such areas.

Zone area companies receive expanded credits under the Job Expansion and Investment Credit Act:

- \$350 for each new business facility employee.
- \$350 for each \$100,000 of new investment within the enterprise zone.
- \$500 for each new business facility employee that qualifies the employer for the Federal Targeted Jobs Tax Credit.

Increased job credits apply only for employees who are residents of Kansas. Tax

credits may not exceed 50% of the company's state income tax liability.

In addition, all sales tax paid on the purchase and installation of machinery and equipment in a zone area facility shall be refunded. A sales tax refund is also provided for materials and services used in constructing, reconstructing, or enlarging such a facility.

Unemployment Insurance

Employer contribution rates in Kansas range from 0.06% to 4.8% on the first \$8,000 in wages paid annually to an employee. Subject to eligibility, there is a one week waiting period prior to a person receiving any unemployment benefits. The maximum benefit is \$190 per week.

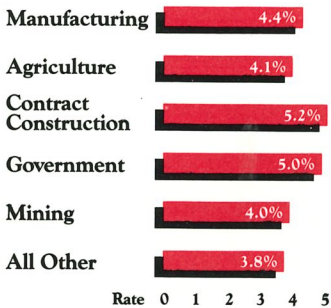
There are special provisions involving an employee that is discharged by the employer. Depending on the specific circumstances, an employee will either be disqualified from receiving benefits for an additional ten weeks after the one week waiting period, or an employee will be totally denied benefits.

New legislation in 1985 established total disqualification for unemployment benefits to an employee who voluntarily quits without good cause attributable to the work or the employer. The disqualification would continue for the duration of the unemployment. Requalification for unemployment benefits will occur when the worker is re-employed and has earned at least three times the worker's weekly benefit amount.

The contribution rate assigned to each employer is based on the experience rate of the employer. If an employer already has a facility in Kansas and has established an experience rating, the employer can elect the same tax for a new facility.

Under Kansas law, a unique approach has been devised for assigning tax rates to new employers by industry division. This allows the entering establishment to benefit by the experience of existing Kansas employers in the same industry division, and normally permits a more favorable tax rate than the standard entry rate. The industry rate is applicable to new employers until there have been 24 consecutive months immediately

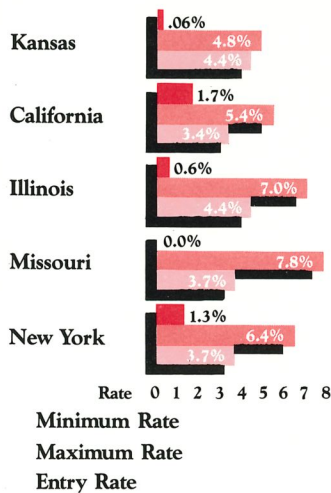
1985 Industry Rate for New Employers



NOTE: 1984 percentage rates are based upon the first \$8,000 of annual wages. 1983 rates are based on the first \$7,000 of annual wages.

SOURCE: Kansas Department of Human Resources, Division of Employment.

Unemployment Insurance Rates for Selected States



NOTE: Percentage rates are based upon the first \$7,000 of annual wages in Oklahoma; \$7,500 in Arkansas; \$8,000 in Kansas and Colorado; and \$9,800 in New Mexico.

SOURCE: Kansas Department of Economic Development, Telephone Survey; Kansas Department of Human Resources, Division of Unemployment Insurance.

preceding the rate computation date of June 30th, throughout which benefits could have been charged against such employer's account. Once eligibility has been established for an experience rating, the employer would then qualify for an adjusted rate. This rate would range from 0.06% to 4.8% contingent upon the reserve ratio of his account relative to all eligible employers.

State Unemployment Trust Fund Accounts

	Trust Balance per Covered Worker—12/84	Loan Balance As of 12/84 (\$000)
Kansas	\$245.79	\$ 0.0
California	260.29	0.0
Illinois	(366.81)	1,707,232.4
Missouri	45.90	0.0
New York	171.59	0.0

NOTE: The State Unemployment Trust Fund is the account from which weekly unemployment benefits are paid. The loan balance reflects the amount that has been borrowed from the Federal Government.

SOURCE: Unemployment Insurance Service, U.S. Dept. of Labor

Workers' Compensation

Workers' Compensation Rates for Selected States Rates as of July 15, 1985

Code	Classification	Rates				
		KS	CA	IL	MO	NY
3808	Auto manufacturing or assembly	3.32	7.87	4.51	2.43	3.61
3647	Battery manufacturing	3.57	11.61	7.27	4.93	6.26
4243	Box manufacturing—folding paper	2.76	6.25	4.06	3.17	3.21
3066	Door, door frame or sash manufacturing	4.25	7.96	5.21	3.13	4.67
3179	Electrical apparatus manufacturing	2.26	3.37	2.90	1.83	2.67
2014	Feed manufacturing	4.70	10.42	6.06	4.00	7.87
2883	Furniture manufacturing—wood	2.72	10.63	3.65	3.77	3.79
3681	Instrument mfg.—professional/scientific	.91	2.39	2.14	.89	1.87
3632	Machine	2.87	5.45	4.17	2.69	3.52
3400	Metal goods manufacturing	4.98	8.60	6.03	4.32	7.42
4150	Optical goods manufacturing	.85	1.99	1.02	.69	1.18
4558	Paint	3.22	7.54	3.33	3.48	3.51
4279	Paper goods manufacturing	2.39	8.09	4.88	2.65	3.50
4611	Pharmaceutical preparation	1.65	4.34	2.31	1.26	2.37
3028	Pipe or tube manufacturing—iron or steel	3.38	7.19	6.31	5.72	5.26
4299	Printing	1.91	4.57	2.21	1.21	1.86
8292	Warehousing	4.30	10.05	5.50	3.44	4.22
3257	Wire goods manufacturing	3.12	5.98	3.72	3.22	3.67

SOURCE: National Council on Compensation Insurance; California Workers' Compensation Insurance Rating Bureau

Premiums for workers' compensation insurance in Kansas are determined by applying the rate for a specific occupation, per \$100 payroll, to the annual wage per employee.

Businesses can obtain workers' compensation insurance from private insurance companies or, upon application, by becoming self-insured.

The current maximum weekly benefit is 75% of the state average weekly wage for a specific occupation. This benefit cannot exceed \$239 per week.

Freeport Law

The Kansas Freeport Law, as set forth in K.S.A. 79-201F, is designed to provide property tax relief to interstate businesses. Under the provisions of the law, certain personal property is exempt from ad valorem taxation:

- Personal property which is moving through Kansas in interstate commerce.
- Personal property which has been shipped into Kansas and stored in a licensed and bonded warehouse if the final destination of the property is unknown at the time of storage in Kansas, or the interstate movement of the property has been interrupted for not more than five years.
- Goods, wares, and merchandise which are manufactured, assembled, joined, processed, packaged or labeled within Kansas during the period of time in which they are stored in a licensed and bonded warehouse. Records must be kept showing point of origin, date of receipt, type and quantity, date of withdrawal, and ultimate destination.

A bonded and licensed warehouse is a warehouse that is licensed by the Kansas Secretary of State. A warehouse of this type is one that is engaged in the business of storing goods for hire. A business, such as a manufacturing firm, can become a bonded and licensed warehouse and store its own goods.

In order to qualify for a Freeport Law exemption, a business must show by verified statement that the final destination of at least 30 percent of the previous year's sales

or shipments from the storage area were shipped in interstate commerce to a point outside the State of Kansas.

The business must furnish the county assessor a report of the monthly average inventory for the preceding calendar year and a report of the value of shipments for final destination outside the state for each month of the previous calendar year.

The business is entitled to an exemption based on a ratio of the value of shipments that were made in interstate commerce to the value of total shipments. This ratio is then multiplied by the average monthly inventory to obtain the entitled exemption.

Tax Exemptions for Industrial Revenue Bonds

Businesses utilizing industrial revenue bonds (IRB's) as a financing mechanism can realize certain tax exemptions:

- Property financed with IRB's can be exempt from ad valorem taxation for a period of 10-years after the bonds are issued. Since this is a local decision, some municipalities require varying percentages of normal taxes to be paid during the 10-years in the form of "payments in lieu of taxes."
- The cost of building materials and items of equipment permanently installed are exempt from state and local sales taxes.

Sales and Use Tax

The Kansas sales and use tax is 3% of the sale price of tangible personal property and taxable services sold at retail to the final user or consumer.

Both counties and cities have the option of adding a local sales tax. Cities and counties can each levy either a .5% or 1% sales tax.

Sales tax paid on the purchase of manufacturing machinery and equipment for use in a plant facility is refundable if at least \$50,000 has been expended for such purchase, and at least two new full-time production employees were added for each \$50,000 of expenditure.

Sales taxes paid on the purchase of machinery, equipment and certain other

tangible property may be refunded if the applicant business qualifies for job and investment tax credits and is located within a state designated Enterprise Zone.

In addition, there are several sales tax exemptions which are beneficial to business:

- Tangible personal property purchased by a railroad or public utility for consumption or movement directly and immediately in interstate commerce.
- Tangible personal property which becomes an ingredient or component part of tangible personal property or services produced, manufactured, or compounded for ultimate sale at retail either inside or outside of Kansas.
- Tangible personal property (including power and fuel) which is immediately consumed or dissipated in the actual production, manufacture, processing, mining, drilling, refining, or compounding of tangible personal property for ultimate sale at retail either inside or outside Kansas.
- Purchases of animals, fowl, and fish, the primary purpose of which is used in agriculture, the production of food for human consumption, the production of animal, dairy, poultry or fish products, fiber or fur, or the production of offspring for use of any such purpose.
- Labor charges in connection with the original construction of a building or facility.
- Tangible personal property purchased by a city from the proceeds of industrial revenue bonds. The cost of the building and all items of fixed equipment are entitled to exemption from Kansas sales tax at time of initial purchase. This exemption does not extend to items of machinery and equipment which can be moved.

Franchise Tax

Corporations in Kansas are assessed an annual franchise tax at the rate of \$1 per \$1,000 of the corporation's shareholder's equity attributable to Kansas. Shareholder's equity equals the sum of (1) paid in capital stock less treasury stock; (2) capital paid in,

in excess of par; and (3) retained earnings. No tax shall be less than \$20 nor more than \$2,500.

To compute that portion of the shareholder's equity attributable to Kansas, a "three-factor formula" is used. This formula calculates the proportion of sales, property, and dollar payroll attributable to the Kansas facility.

Application and Recording Fees

At the time of filing its articles of incorporation, each domestic corporation—any corporation organized under Kansas law—shall pay to the Secretary of State an application and recording fee of \$75.

A corporation classified as foreign—any corporation organized under the laws of another state—shall pay to the Secretary of State a filing fee of \$95 to obtain a certificate of authority to do business in Kansas.

Foreign Trade Zones

Foreign trade zones in Kansas provide a duty-free and quota-free entry of foreign goods into specific areas under customs' supervision for an unlimited period of time. One such zone has been designated in Kansas City, Kansas, where over 400,000 sq. ft. of space is available for storage and/or processing.

Goods brought into a zone or sub-zone may be stored, manipulated, or mixed with domestic or foreign materials used in manufacturing processes or exhibited for sale. Anything shipped out of a zone into the United States customs' territory is then subject to duties. Goods reshipped to foreign nations are never subject to U.S. Customs' duties.

Individual Income Tax

The annual tax rate is graduated depending on the level of earnings. This results in a tax rate ranging from 2% to 9% on an individual's net income. Federal income tax, personal exemptions, itemized deductions, or the standard deduction can be deducted to arrive at net taxable income.

Tangible Property Tax

All local taxing districts, comprising city, county, and school, set their own levy which reflects the ratio of needed funds to maintain public services in the districts to the total valuation of all taxable property in the districts.

Kansas law requires that personal property be assessed annually at 30% of fair market value. The assessment of property is done at the county level with state assistance and close supervision.

Real property is also required to be assessed at 30% of fair market value. However, in actuality, the ratio of assessment value to sales price of real property in Kansas falls below the statutory 30% in many cases.

The reason the assessment/sales ratio is less than 30% is linked to when property was last reappraised. In Kansas, the most recent reappraisals were done between 1963 and 1971. As a result, the present assessment/sales ratio is below the statutory 30%. In 1984, the overall state average was 6.95%. A further breakdown shows rural property with a 5.81% ratio and urban property with a 7.97% ratio.

Intangible Property Tax

The tax is 3% of the income derived from intangible property. However, counties, cities, and townships have the options of reducing or eliminating the tax.

Intangible property is defined as monies and credits including, gold and silver coin; United States Treasury notes; certificates evidencing shares of stock otherwise taxable to the owner or holder; notes, bonds, and debentures; claims secured by deed; liquidated claims and demands for money, accounts receivable, and all written instruments; contracts or other writings evidencing, calling for, fixing, or showing a fixed obligation in favor of the owner.

"One-Stop" Clearinghouse

The "one-stop" clearinghouse, as set forth by K.S.A. 74-5037, centralizes all information needed to establish or operate a business in Kansas within the Kansas Department of Economic Development.

The clearinghouse serves as a liaison between businesses and state agencies. The main purpose of the office is to help expedite the establishment or expansion of any business.

The clearinghouse provides all necessary applications and forms required by agencies

which license, regulate or tax business. In addition, questions can be answered regarding the procedures relating to starting or expanding a business in the state.

Taxes Affecting Specific Industries

1

Privilege Tax— Financial Institutions

Statute: K.S.A., Ch. 79, Art. 8

Basis and Rate: Banks—4¼%, and 2½% in excess of \$25,000;

Savings and Loans—4½%, and 2¼% in excess of \$25,000.

Both based on net incomes attributable to Kansas operations.

Privilege Tax— Domestic Insurance Companies

Statute: K.S.A., Ch. 4, Art. 8

Basis and Rate: 5% of net income attributable to Kansas operations, less interest exempt in K.S.A. 40-2803, 40-2804, and 60-2309.

2

Insurance Premiums Tax— Domestic Corporations

Statute: K.S.A., Ch. 40, Art. 2

Basis and Rate: 1% of gross premiums from business done in Kansas, less U.S. Internal Revenue Code exemptions.

Insurance Premiums Tax— Foreign Corporations

Statute: K.S.A., Ch. 40, Art. 2

Basis and Rate: 2% of gross premiums from business done in Kansas less U.S. Internal Revenue Code exemptions.

3

Express Companies Tax

Statute: K.S.A., Ch. 79, Art. 8

Basis and Rate: 4% of gross receipts from business done in Kansas.

Motor Fuel Tax

Statute: K.S.A., Ch. 79, Art. 34

Basis and Rate: Gallons of fuel received, delivered, or used, minus losses in handling—

11¢ per gallon on gasoline; 13¢ per gallon on diesel; and 7¢ per gallon on gasohol.

4

Motor Vehicle Registration Tax

Statute: K.S.A., Ch. 8, Art. 1

Basis and Rate: Gross weight of vehicle. Trucks and truck tractors: \$27.50 for 12,000 lbs. or less, or \$1,475 for up to 85,000 lbs.

Trailers and semi trailers—

\$10.00 for 8,000 lbs. or less, to \$25.00 for over 12,000 lbs.

Motor Carriers Property Tax

Statute: K.S.A., Ch. 79, Art. 6a

Basis and Rate: The average rate of property tax levies for all purposes in the taxing districts of the state for the preceding year; applied to the assessed valuation of over-the-road motor vehicles.

**For full details contact:
Roger Christianson, Director
Industrial Development**

**KANSAS DEPARTMENT OF
ECONOMIC DEVELOPMENT**

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KANSAS

Employment

Since the early 1950's, the economy of Kansas has undergone a transition from being based largely on agriculture and mining to a broader base that has seen a substantial rise in the number of manufacturing jobs. Today, the largest employment sectors are wholesale and retail trade, government, services and manufacturing.

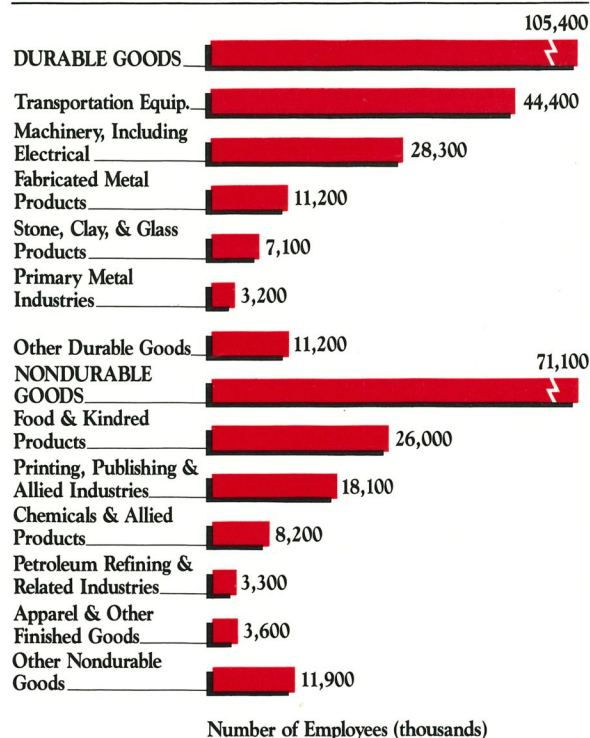
During the decade of the '70's, manufacturing employment grew by 47.8%. Manufacturing employment throughout the United States increased by only 5.0% during the same period.

Manufacturing growth remained steady until 1982 when the full effects of the national recession reached the state. The period of 1981-82 showed a decrease in manufacturing employment including a substantial decline in transportation equipment.

Although manufacturing employment declined, Kansas' unemployment rate remained one of the lowest in the nation. The state's 1984 rate was 5.3% versus a national average of 7.4%.

The state's manufacturing sector is composed of ten major product categories. The following graph depicts the employment levels of the manufacturing sector for durable and non-durable goods during the decade of 1984.

Manufacturing Employment by Major Product Category, 1984



Employment by Sector, 1970, 1979 and 1984

				% 1984
	1970	1979	1984	Total
Farm	79,800	65,500	58,400	5.1
Manufacturing	134,500	189,900	176,500	15.6
Mining	11,000	13,700	17,800	1.6
Crude Petroleum & Natural Gas	9,400	11,700	16,200	-
Contract Construction	32,000	49,900	42,200	3.7
Transportation, Communication, & Utilities	52,300	65,300	64,100	5.6
Wholesale & Retail Trade	159,300	225,700	238,300	20.9
Wholesale Trade	34,500	63,500	66,500	-
Retail Trade	124,800	162,200	171,800	-
Finance, Insurance, & Real Estate	30,400	46,300	51,500	4.5
Services	103,000	163,700	183,700	16.1
Government	154,500	183,300	186,400	16.4
Federal	26,400	26,000	26,300	-
State & Local	128,100	157,300	160,100	-
Total Employed	880,000	1,170,400	1,135,000	100%

SOURCE: U.S. Department of Labor

SOURCE: U.S. Department of Labor

Industrial growth has resulted from both the attraction of new manufacturers and the expansion of existing manufacturers. During the last five years, 1980-1984, the five industrial categories creating the most jobs by new manufacturers were food products, machinery, electrical equipment, lumber products and fabricated metal products. During the same period, the five industrial categories creating the most jobs by existing manufacturers were transportation equipment, food products, rubber and plastics, electrical equipment and machinery. The following tables summarize the new and existing manufacturers by industrial category:

New Manufacturers, 1980-1984

Standard Industrial Classification	New Manufacturers		New Jobs	
	Number	Percent	Number	Percent
20 Food Products	29	6.1%	3,986	28.9%
22 Textiles	1	0.2	10	0.0
23 Apparel	10	2.1	344	2.5
24 Lumber Products	29	6.1	1,272	9.2
25 Furniture & Fixtures	13	2.7	218	1.6
26 Paper Products	14	2.9	566	4.1
27 Printing & Publishing	57	11.9	469	3.4
28 Chemical Products	22	4.6	402	2.9
29 Petroleum Industries	8	1.7	140	1.0
30 Rubber & Plastics	21	4.4	472	3.4
31 Leather Products	4	0.8	25	0.2
32 Stone, Clay & Glass	30	6.3	253	1.8
33 Primary Metal	7	1.5	493	3.6
34 Fabricated Metal	40	8.4	800	5.8
35 Machinery	103	21.5	1,874	13.6
36 Electrical Equipment	35	7.3	1,669	12.1
37 Transportation Equipment	23	4.8	335	2.4
38 Instruments	18	3.8	376	2.7
39 Miscellaneous Industries	14	2.9	105	0.1
Total	478	100%*	13,809	100%*

* Figures may not equal 100% due to rounding of individual categories.

SOURCE: Kansas Department of Economic Development.

Existing Manufacturers, 1980-1984

Standard Industrial Classification	Existing Manufacturers		New Jobs	
	Number	Percent	Number	Percent
20 Food Products	50	14.0%	2,559	14.1%
22 Textiles	1	0.3	0	0.0
23 Apparel	4	1.1	150	0.8
24 Lumber Products	14	3.9	464	2.6
25 Furniture & Fixtures	7	2.0	395	2.2
26 Paper Products	11	3.1	242	1.3
27 Printing & Publishing	27	7.6	915	5.0
28 Chemical Products	17	4.8	440	2.4
29 Petroleum Industries	11	3.1	96	0.5
30 Rubber & Plastics	30	8.4	2,155	11.9
31 Leather Products	1	0.3	0	0.0
32 Stone, Clay & Glass	13	3.6	221	1.2
33 Primary Metal	8	2.2	35	0.2
34 Fabricated Metal	38	10.6	840	4.6
35 Machinery	61	17.1	1,215	6.7
36 Electrical Equipment	21	5.9	1,305	7.2
37 Transportation Equipment	32	9.0	6,778	37.3
38 Instruments	7	2.0	295	1.6
39 Miscellaneous Industries	4	1.1	75	0.4
Total	357	100%*	18,180	100%*

* Figures may not equal 100% due to rounding of individual categories.

SOURCE: Kansas Department of Economic Development.

Labor Environment

Kansas voters, in 1958, amended the state constitution by adopting the Right-to-Work principle:

"No person shall be denied the opportunity to obtain or retain employment because of

membership or nonmembership in any organization, nor shall the state or any subdivision thereof, or any individual, corporation, or any kind of association enter into any agreement, written or oral, which excludes any person from employment or continuation of employment because of membership or nonmembership in any labor organization."

Closed-shop agreements were made unlawful by 1955 legislation and state-supervised elections are required before designation of a collective bargaining unit. A summary of the major provisions of the 1955 legislation (Ch. 252, L. 1955) follows:

- (A) Prohibits any strike, walkout, or cessation of work when employees are organized into a collective bargaining unit unless authorized by a majority vote of the employees in secret election.
- (B) Makes unlawful, violation of the terms of a collective bargaining agreement and entering into a closed-shop agreement.
- (C) Prohibits secondary boycotts and restricts jurisdictional strikes.
- (D) Provides for regulation and supervision by the State Labor Commissioner of elections for selection of collective bargaining units or strikes.
- (E) Authorizes State Labor Commissioner to appoint mediators in labor disputes either on own volition or upon request of either party. Neither the Commissioner nor a mediator has any power of compulsion.

An act providing civil remedies for violation of the "Right to Work" amendment was passed by the 1975 State Legislature and signed into law by the Governor. Note Act as follows:

"Violations of right to work amendment; civil action for damages; attorney's fees as costs, exception; limitation of actions. Any person who is aggrieved by any violation of the provisions of section 12 of article 15 of the constitution of the state of Kansas shall have a cause of action against the person committing such violation for the actual damages sustained by the aggrieved person. In any such action, if the prevailing party recovers damages, the court shall award reasonable attorneys' fees to the prevailing party, to be taxed as part of the costs of such

action, except that when a tender has been made by the adverse party prior to the trial of such action on its merits, and the amount recovered is not in excess of such tender, no such costs shall be allowed.”

Any action authorized by this section shall be commenced within one year after the cause of action shall have accrued.”

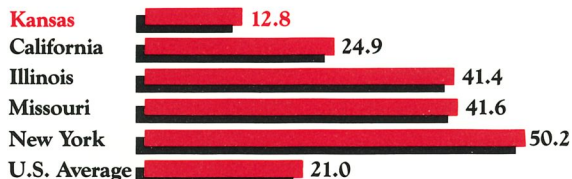
Helping to ensure good labor-management relations is the Kansas Industrial Roundtable, a private, non-profit, labor relations organization composed of labor and business leaders from across the state. Since its inception in 1976, the Roundtable has pursued three objectives:

1. To improve communications, understanding, and cooperation among the leaders of labor, management, and government in Kansas;
2. To discuss areas of mutual concern relative to job creation, productivity, and economic growth; and
3. To create a positive public environment conducive to labor-management cooperation.

The Roundtable does not serve as a mediator in labor disputes, but is more of an “early warning system” to defuse potential labor-management problems.

Union membership as a percent of the manufacturing work force is low in comparison to other states:

Union Membership as a Percent of Manufacturing Workforce, 1984



NOTE: Kansas is one of twenty states with a Right-to-Work Law.

SOURCE: General Manufacturing Business Climates, Alexander Grant & Company, 1983.

Labor Availability

The unemployment rate during 1984 was 5.3% of the civilian labor force, while the national average for unemployment during the same year was 7.4%. The 1984 rate in the state was based on a civilian labor force of 1,197,000, of which 1,135,000 were employed and 63,000 were unemployed.

Although the unemployment rate is below the national average, and has been through the past two decades, the state continues to be one of the national leaders in the creation of new manufacturing jobs. During the period 1970-1979, Kansas experienced a net employment gain in the manufacturing sector of 64,000 jobs, ranking 9th among all states. As a result, the state has been successful in providing the necessary workers with basic skills to fill new manufacturing positions, despite relatively low unemployment.

An indicator of the work force quality is that most manufacturers and distribution facilities experience an interview to hire ratio of 3 to 1 for direct labor requirements. In addition, the company is not limited to a work force residing within close proximity to the plant; the firm can expect a labor draw encompassing a 25-mile radius.

A new or expanding industry will draw its required labor supply from a number of sources:

1. **Unemployed**—As noted earlier, there were 63,000 unemployed persons in 1984, translating into an unemployment rate of 5.3%. Contained within the unemployment totals are two groups that are known to be actively seeking employment: new entrants and re-entrants. New entrants are those persons who are looking for a job for the first time. Re-entrants are those persons who have previously worked at a full-time occupation at some time, but left the labor force and are now wanting to return to work. The average number of new entrants and re-entrants per month in 1984 was 8,815. During 1984, over 13.8% of the unemployed persons were either new entrants or re-entrants.
2. **Underemployed**—Underemployment is defined as persons working below their skill levels, or persons working involuntarily at seasonal or part-time jobs. The 1980 U.S. Census estimates that 270,000-330,000 individuals are either seasonal (working less than 40 weeks per year) or part-time (working less than 35 hours per week) workers in Kansas. In 1983, 71 out of 105 Kansas counties were below the state average for per capita income. Below average per capita income indicates there are many counties in the state, particularly rural counties, where skilled job opportunities are not readily available.

3. **Farm Employment**—Due to increasing mechanization and larger farms, the number of persons employed in farming has been declining. During the period of 1980-1984, farm employment dropped from 64,000 to 58,400, a decrease of 8.8%. An average of 1,120 persons have left farming each year.

4. **High School Graduates**—Kansas high schools graduated 26,730 students in 1984. The following table characterizes the 1984 graduates:

Employed	5,772	21.6%
Unemployed	891	3.3%
Attending Junior College	4,958	18.5%
Attending 4-year College	10,181	38.1%
Attending Trade School	840	3.1%
Attending Area Vocational- Technical School . .	1,190	4.5%
Military	934	3.5%
Other/Unknown	1,964	7.4%
TOTAL	26,730	100.0%

Approximately one-third of high school graduates go directly into the labor market.

5. **Vocational Education Graduates**—The post-secondary vocational education system provides the Kansas labor market with graduates of various occupational skills. Graduates have completed training programs at either a vocational-technical school, a community college, or in some cases, a four-year college or university.

6. **Females**—For certain types of industries, females not presently in the labor force are a source of labor. Females within this classification generally have home responsibilities and are not considered unemployed. Statistics show that the female labor force participation rate is increasing nationwide. In Kansas, the female labor force participation rate for 1983 was 55.2%, as opposed to 40.0% in 1970. It is estimated there are over 456,000 females (16 years and over) with home responsibilities in the state, of whom 133,000 live in metro areas and 323,000 live in non-metro areas. Of course, the total number of females with home responsibilities cannot be considered as a potential labor force, however, females in Kansas have demonstrated an interest in

working outside the home if opportunities are available.

Industries considering the state for new plant locations can obtain labor market data from the Kansas Department of Economic Development (KDED), in cooperation with the Department of Human Resources. KDED retains labor profiles on each county, and given a specific location in the state can develop statistics on multi-county labor draw areas. The data generated for a labor draw area analysis would include male and female labor force participation rates, age distribution, civilian labor force figures, seasonal and part-time workers, unemployment rates, job registrants at Job Service Centers, high school graduates, and employment by sector and occupation.

Wages and Productivity

Hourly wage rates for production workers on manufacturing payrolls averaged \$9.40 in 1984. Production workers in the metropolitan areas of Kansas City, Wichita, and Topeka averaged \$10.22 per hour, while production workers in non-metropolitan areas averaged \$8.26 per hour.

The Kansas Department of Human Resources conducts an annual wage survey for specific occupations. The results of the 1985 statewide survey, for selected occupations, are as follows:




Average Hourly Wages, 1985

Occupation	Average Hourly Wage Range (\$)
Assembler, Heavy	8.86 — 9.75
Assembler, Light	7.31 — 8.04
Clerk, General	5.47 — 6.02
Industrial Truck Operation	8.05 — 8.85
Janitor	5.47 — 6.02
Machine Operator	6.64 — 7.30
Machine Repairer, Maintenance	8.86 — 9.75
Machine-Tool Operator	8.05 — 8.85
Machinist	9.76 — 10.74
Maintenance Electrician	10.75 — 11.83
Maintenance Mechanic	8.86 — 9.75
Material Handler	6.03 — 6.63
Packer	6.64 — 7.30
Punch Press Operator	6.64 — 7.30
Secretary	6.03 — 6.63
Sewing Machine Operator	4.50 — 4.95
Tool and Die Maker	10.75 — 11.83
Welder, Combination	8.05 — 8.85

SOURCE: Kansas Department of Human Resources

In 1982, the latest reporting year, worker productivity in Kansas was well above the national average. In fact, the state ranked in the top five nationally in this category.

Value Added by Manufacturing Employee Per Payroll Dollar by Selected State

Kansas		\$4.69
California		\$4.59
Illinois		\$4.10
Missouri		\$4.14
New York		\$4.79
U.S. Avg.		\$4.05

Unemployment Insurance Benefits

A direct result of the low rate of unemployment is that fewer unemployment benefits are paid out. The following table compares Kansas with the national average regarding unemployment benefits:

Unemployment Insurance Benefits, 1983

	Kansas	U.S. Average
Benefits Paid.....	\$230,000,000	\$471,922,000
Average Duration of Benefits.....	15.2 weeks	15.9 weeks
Weekly Beneficiaries as % of Total Covered Employees .	4.0%	4.6%
Average Unemployment Contribution Rate	2.5%	2.5%

SOURCE: U.S. Statistical Abstract, 1982-83

Vocational Training

Vocational and industrial training programs are offered to new and expanding business and industry through four sources: the Industrial Training Program, Kansas JTPA, Vocational Education Administration, and Vocational Technical Institutes. Training programs can be designed, developed, and implemented utilizing the four programs individually, or in various combinations.

Kansas Industrial Training

The Kansas Department of Economic Development coordinates a new and expanding industry training program with the Kansas Department of Education, Vocational Education Administration. The Kansas Industrial Training Program (KIT) is designed to meet the specialized training needs of new and expanding companies. KIT's objectives are two-fold:

- (1) Providing technical training to qualified Kansans for industrial job opportunities; and
- (2) Enabling new and expanding Kansas companies to achieve greater

productivity through the availability of better trained employees.

KIT offers two basic types of training: pre-employment and on-the-job training. A third option is a training program combining both the aforementioned training methods.

During pre-employment training, prospective employees are provided the specific skills and knowledge necessary for job entry. Trainees usually attend on their own time and without pay. Pre-employment training allows the company and prospective employees an opportunity to try out each other thoroughly prior to any employment commitment.

On-the-job training is training provided after an individual obtains employment. Trainees receive instruction on production equipment in classrooms or on the actual production floor. Trainees are paid by the company during this training.

KIT training funds can cover the following types of expenses: instructor salaries; travel, lodging and meals; video tapes, training manuals and textbooks; supplies and materials; minor equipment; certain utility costs; and curriculum planning and development.

Kansas JTPA

The Kansas Job Training Partnership Act Program (JTPA) is the \$18.2 million statewide arm of the Federal Job Training Partnership Act.

The objective of JTPA is to design training programs which meet the specific labor skill needs of Kansas employers. In the development of a training program, the employer retains full control over the screening, interviewing, and hiring of the JTPA eligible persons.

On-the-job training generally takes place on the actual production floor, with JTPA participants learning skills along side of trained workers. JTPA can pay up to one-half of the trainee's wages during the training period.

In an effort to enhance the state's relationship with private industry, JTPA has organized Private Industry Councils (PIC's) in five service delivery areas. The PIC's have responsibility for developing, implementing, and overseeing job training programs. The overall objective of each PIC is to assure that the actual demands of the local labor market are being met.

Vocational Education Administration

The Vocational Education Administration not only participates in the Kansas Industrial Training Program, but also provides on-going, post-secondary vo-tech programs through a delivery system of 14 area vocational-technical schools. In addition, the 19 two-year junior colleges offer terminal programs in a variety of skill areas.

Occupational training is presently offered in a number of industrial related career areas including sheet metal fabrication, electricity, electronics, tool and die, industrial equipment mechanics, manufacturing engineering technology, machine shop, welding, plastics, machine tool technology, and engineering technology.

Vocational Technical Institutes

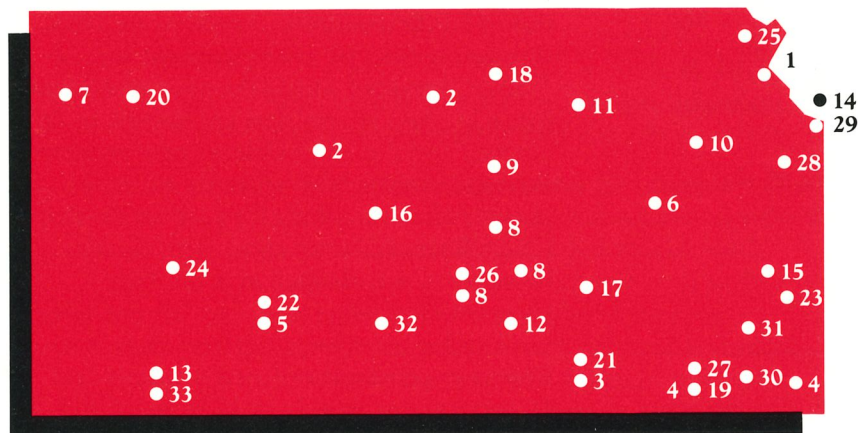
Augmenting the network of area vo-techs and junior colleges are two state-sponsored vocational technical institutes: Kansas Technical Institute in Salina and Vocational

Technical Institute through Pittsburg University in Pittsburg.

The institute in Salina specializes in science and engineering technologies including aeronautical, civil engineering, environmental protection, computer engineering, computer science, electronic engineering, general engineering, mechanical engineering, and solar energy. Many of the programs culminate in a two-year Associate of Technology degree.

The institute through Pittsburg State University offers training programs that are more in-depth than most vocational programs. The school's specialties include air conditioning and refrigeration, cabinet and furniture making, drafting technology, electricity, electronics, machine shop technology, and welding.

The following map shows the geographic location of the vocational-technical institutes, in addition to the area vocational-technical schools and the junior colleges.



Area Vocational Technical Schools

1. Northeast Kansas AVTS—Atchison
2. North Central Ks. AVTS—Beloit, Hays
3. Cowley Co. C.C./AVTS—Arkansas City
4. Southeast Kansas AVTS—Coffeyville, Columbus
5. Southwest Kansas AVTS—Dodge City
6. Flint Hills AVTS—Emporia
7. Northwest Kansas AVTS—Goodland
8. Central Kansas AVTS—Hutchinson
9. Salina AVTS—Salina
10. Kaw AVTS—Topeka
11. Manhattan AVTS—Manhattan
12. Wichita AVTS—Wichita
13. Liberal AVTS—Liberal
14. Kansas City AVTS—Kansas City

Community Colleges

15. Allen Co. C.C.—Iola
16. Barton Co. C.C.—Great Bend
17. Butler Co. C.C.—El Dorado
18. Cloud Co. C.C.—Concordia
19. Coffeyville C.C.—Coffeyville
20. Colby C.C.—Colby
21. Cowley Co. C.C.—Arkansas City
22. Dodge City C.C.—Dodge City
23. Ft. Scott C.C.—Ft. Scott
24. Garden City C.C.—Garden City
25. Highland C.C.—Highland
26. Hutchinson C.C.—Hutchinson
27. Independence C.C.—Independence
28. Johnson Co. C.C.—Overland Park
29. Kansas City, KS C.C.—Kansas City
30. Labette Co. C.C.—Parsons
31. Neosho Co. C.C.—Chanute
32. Pratt Co. C.C.—Pratt
33. Seward Co. C.C.—Liberal

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KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

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General

K A N S A S

Population Characteristics

In 1980, Kansas had a population of 2,363,679. Among the 625 incorporated cities, 50 have a population of over 5,000, 34 over 10,000, 12 more than 25,000 and five exceed 50,000. Wichita is the largest city in the state with more than a quarter-million. The other three largest cities are Kansas City, Overland Park, and the capital, Topeka.

The westward movement of the center of the U.S. population places Kansas in a greater strategic marketing position with each passing year. Since the 1970 census, the state has experienced a population increase of 3.1%.

The number of households (statewide) totaled 873,336 in 1980. Median age of the population is 30.1. Per capita income for 1984 was \$13,248, ranking Kansas 13th among the 50 states. The level of \$13,248 is \$459 above the national average.

Effective buying income in Kansas for 1984 totaled \$28.8 billion. On a median household basis it was \$26,762.

Labor

Kansas has a right-to-work statute by constitutional amendment. Good labor-management relations contribute to the state's industrial growth.

In 1984, union membership as a percent of the manufacturing work force was low in comparison with other states.

Union Membership as a Percent of Manufacturing Workforce, 1984

Kansas	12.8
California	24.9
Illinois	41.4
Missouri	41.6
New York	50.2
U.S. Average	21.0

Kansas worker productivity is well above the national average. In fact, the state's \$4.69 value added per production worker ranked in the top five nationally and well ahead of the \$4.05 U.S. average.

Employment by Sector

	1970	1979	1984	% 1984 Total
Farm.....	79,800	65,500	58,400	5.1
Manufacturing.....	134,500	189,900	176,500	15.6
Mining.....	11,000	13,700	17,800	1.6
Contract Const.....	32,000	49,900	42,200	3.7
Trans., Communications, Electric, Gas.....	52,300	65,300	64,100	5.6
Wholesale/Retail.....	159,300	225,700	238,300	20.9
Finance, Ins., Real Estate.....	30,400	46,300	51,500	4.5
Services.....	103,000	163,700	183,700	16.1
Government.....	154,500	183,300	186,400	16.4
Total Employed.....	880,000	1,170,400	1,135,000	100.0%

Government

The state has a bicameral legislature with 40 senators and 125 representatives who are elected for four- and two-year terms respectively. Since 1975, the governor's term of office has been four years. All 105 counties in the state operate under the commission system with commissioners elected for four-year terms. The towns and cities embrace both the city manager and mayor/commission forms of government.

Kansas government operates on the cash basis concept. The constitution requires that the state must function within the confines of a balanced budget. It may contract public debt only for the purpose of defraying extraordinary expenses, and such debt cannot exceed \$1 million. There are no general obligation bonds outstanding.

Taxes

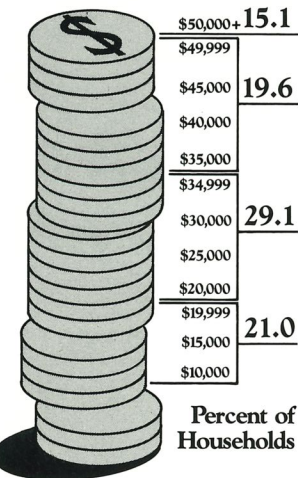
Corporation Income—4.5% on federal taxable income with modifications from business done in the state or derived from Kansas sources. Surtax of 2¼% on taxable income over \$25,000. The Job Expansion and Investment Act of 1976 allows income tax credit to new and expanding industries on the basis of new jobs created and amount of capital investment.

Tangible Property—The tax is assessed and administered by the counties under state

Percent of 1984 Population by Selected Age Group



1984 Effective Buying Income



SOURCE: General Manufacturing Business Climates, Alexander Grant & Co., 1983.

supervision; the 1963 Uniform Assessment Law sets assessment at 30% of actual value. In reality, the real estate ratio for industrial property is usually 10-15% and varies from county to county. Each taxing district (city, county, school, etc.) makes its own levy within the limits set by the legislature.

Intangible Property—The rate is 3% of income derived therefrom.

Corporation Fees—Initial \$75 application and recording fee. Annual fee or franchise tax of \$1 for each \$1,000 of the corporation's shareholders' equity attributable to Kansas is assessed, except that no such tax shall be less than \$20 or more than \$2,500.

Unemployment Insurance—During the first two years of plant operation, the tax is based on an industry-wide average. The 1985 rate for manufacturers is 4.37%. After two years, the tax is based on experience rating which ranges from 0.06% to 4.8% on wage base of \$8,000 per employee.

Individual Income Tax—The annual tax rate ranges from 2% to 9% on the net income of individuals. Net income is the amount remaining after itemized deductions or the standard deduction, accrued federal income tax and personal exemption have been subtracted.

Sales Tax—The statewide rate is 3%. Cities and counties can each levy an additional ½%-1%. The tax does not apply to materials becoming component parts of manufactured articles or materials immediately consumed in the manufacturing process (including electric power, natural gas, and water).

Workers' Compensation—Coverage is required for employees by Workers' Compensation Insurance in all employment other than agricultural pursuits and associated occupations. State legislation allows companies to establish their own self insurance coverage for the purpose of lowering worker's compensation insurance costs to the company. Recently enacted legislation now allows five or more employers, who are members of the same trade or professional association engaged in the same or a similar type of business, to form a self-insurance pool to underwrite their own workers' compensation coverage.

Since there are about 700 rate classifications applicable to workers' compensation insurance in the state, information on specific rates is available upon request.

Natural Resources

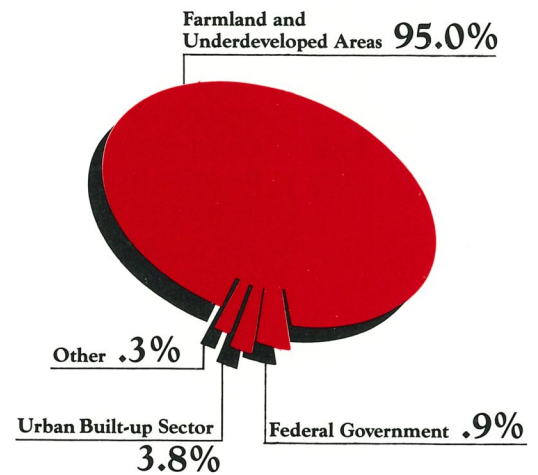
Kansas is a leading mineral-producing state; all but two of its 105 counties have active

extraction industries. The estimated to value of mineral production in 1984 was \$3.15 billion. Listed in descending order of value—crude oil, natural gas, and natural gas liquids account for 90% of the total value.

Important industries relying on the extensive fuel reserves are nitrogen fertilizer plants, natural gas plants, liquefied petroleum gas plants and those petroleum refineries producing lubricating oils, greases and paving mixtures as well as petroleum by-products.

Soil and subterranean conditions in all areas of the state are rated very good to excellent for construction purposes.

Land Use



The ratio of rural area to urbane is about 25 to 1.

Utilities

Kansas has a long-term supply of 1,000 Btu rated natural gas available for industrial use. Throughout most areas of the state there are no restrictions on the amount of fuel sold, hence requirements of new large volume customers can be met. Kansas manufacturers obtain natural gas from distribution companies, although direct hook-ups from transmission lines are generally available in those few areas not served by distributors.

In 1983, the state ranked fifth in the production of natural gas, comprising nearly 2.6% of the total U.S. production. Kansas natural gas production exceeds state consumption by 6.3%. Leading the state's production is the Hugoton Gas Area, one of the largest gas fields in the world.

Kansas has abundant power generating capacity to service the needs of industry. Over the last ten years, coal has become the primary fuel for power generation in the state. Close proximity to the western coal

fields provides the state with the necessary low-sulfur coal.

Recent additions to this coal-fired generation capacity include three 680 megawatt units at KPL Gas Service's Jeffrey Energy Center facility and a 310 megawatt unit at Sunflower Electric's Holcomb facility. In addition, a joint venture between Kansas Gas and Electric and Kansas City Power and Light has added a new 1150 megawatt nuclear unit—the first in the state—to Kansas' electric generating capacity.

Within Kansas, there are six investor-owned power companies, two cooperatives, and 60 municipal-owned systems. On-line power generating plants are interconnected with most major electric systems east of the Rocky Mountains via a multi-state grid system.

Telecommunications

The telecommunication needs of Kansas business and industry are met by Southwestern Bell Telephone and 39 local independent telephone companies. Sophisticated technology such as electronic switching systems allows for advanced business communication services such as call forwarding, call hold, call waiting, conference calling and speed calling.

In addition, Southwestern Bell has a development program underway to install digital call switching machines and fiber optic cables across the state. Digital and fiber systems allow for the transmission of information and data at much higher speeds than conventional systems.

Network capabilities are being further enhanced by pair gain systems which increase the transmission capacity of conventional copper cable and condition it to carry digital computer data.

Transportation

At the geodetic center of the continental U.S., materials and products move in and out of Kansas on an excellent network of highway, air, rail and water systems.

Nine certificated air carriers serve 12 Kansas cities on a scheduled commercial basis. Kansas City International Airport is considered a major hub airport, and the state has 159 public and private airports available.

In 1984, Kansas ranked sixth in the nation in railroad miles with nearly 4.0% of total U.S. trackage. Fourteen carriers operate over

a system of 7,000 miles, hauling more than 20 billion ton miles of goods and commodities annually. The carriers are active in servicing and promoting new sites and planned area development for industry.

In 1981, the state ranked third in total road and street mileage in the U.S. More than 5,800 common carriers provide service along with 9,300 contract carriers. The state has 820 interstate highway miles, including Interstate 70, the major east-west route across Kansas.

Examples of In-Transit Time (TL)

Origin and/or Destination	Days In-Transit
Chicago	Second Morning
Cleveland	Third Morning
Dallas	Second Morning
Kansas City	Same Day
Los Angeles	Fourth Morning
Minneapolis	Second Morning
New Orleans	Third Morning
St. Louis	Overnight

Channel improvements and expanding dock facilities in northeast Kansas have resulted in increases in barge transportation utilizing the Missouri River as an inland waterway at Atchison, Leavenworth and Kansas City.

Quality of Life and Leisure

Kansas has a stimulating four-season climate. The sun shines more than 65% of the year; temperatures are moderate with extremes of short duration. Prevailing westerly continental weather patterns maintain a perpetual stream of fresh, clean air to the region. The state ranks in the top ten nationally in life expectancy rate.

In a place where nobody is more than a few minutes from the open countryside, hunting and fishing, bicycling and horseback riding are enormously popular. Few sports fail to find a following, but water sports are a favorite with Kansans and visitors alike. Flood control projects by the Bureau of Reclamation and the Army Corps of Engineers have provided the state with 140,000 surface acres of lakes and reservoirs, some up to 25 miles in length. Spring and summer are observed with outings for swimming, skiing and sailing.

Many communities steeped in the heritage of frontier and pioneer days annually re-enact elements of the western saga in drama and song. Historical pageants, folk music festivals and handicraft exhibits throughout the state delight both tourists and natives. In the winter, community and

collegiate concert associations, civic theatre, orchestral and ballet companies present a variety of performing arts.

In 1983, the crime rate in Kansas showed 629 fewer major crimes per 100,000 population than the national average.

Education

In 1980, Kansas ranked 8th in the nation in the percent of individuals 25 years and older who had graduated from high school. The state supports six public universities. There are 17 private four-year and four private two-year colleges. Substantial emphasis is placed on development and enlargement of its system of 19 community colleges, 14 area vocational-technical schools and one technical institute.

PRIDE in Kansas Communities

PRIDE is an acronym for Programming Resources with Initiative for Developmental Effectiveness. The program, co-sponsored by the Kansas Department of Economic Development and the Kansas State Extension Service, encourages all communities, regardless of size, to initiate and carry out a program of total community improvement. It stimulates a greater concern and involvement in the physical, environmental, cultural and economic aspects of the local society, seeking leadership from and participation by a wide cross section of the population in each community.

Since 1970, nearly 300 Kansas towns and cities have joined the PRIDE program. Awards are made to those excelling in their efforts. The end result is a very positive attitude that arises by making the most of every available resource in community development.

Incentives to Industry

Tax-Exempt Bonds for Economic Development may be issued by municipalities and counties for the purpose of purchasing land, constructing buildings thereon, and equipping same for lease and eventual sale, or purchasing existing facilities for lease and eventual sale to responsible companies. A referendum is not necessary to issue these bonds; approval of the city or county governing body suffices. This method of financing exempts from ad valorem taxation all property purchased from proceeds of the bonds for a period of ten years. However, some cities negotiate a payment in lieu of taxes. The cost of the building and most permanent

fixtures purchased with bond proceeds are exempt from state sales tax at the time of initial purchase. The 1984 Federal Tax Act limits the amount of tax-exempt bonds that can be issued in any state to \$150 per capita per year. In 1985, Kansas is allocated a total of \$360 million.

The Job Expansion and Investment Credit Act of 1976 allows an income tax credit for a period of ten years against the Kansas income tax liability on the income generated by the operation of a new business facility. The credit is recomputed each year during the 10-year period to reflect changes in the number of jobs and amount of investment. A credit of \$100 for each new job and \$100 for each \$100,000 of capital investment is allowed up to 50% of the total income tax liability.

Enterprise Zone—Special incentives are provided to new businesses locating in designated enterprise zone areas and existing companies expanding in such areas. Zone area companies receive expanded credits under the 10-year Job Expansion and Investment Credit Act: \$350-\$500 for each new business facility employment per year and \$350 for each \$100,000 of new capital investment per year. In addition, all sales tax paid on the purchase of machinery and equipment for a zone area business shall be refunded.

Kansas Right-to-Work Law is by constitutional amendment. Kansas voters, in 1958, amended the state constitution by adopting the "Right-to-Work" principle. The amendment reads:

"No person shall be denied the opportunity to obtain or retain employment because of membership or nonmembership in any labor organization, nor shall the state or any subdivision thereof, or any individual, corporation, or any kind of association enter into any agreement, written or oral, which excludes any person from employment or continuation of employment because of membership or nonmembership in any labor organization."

An act providing civil remedies for violation of the "Right-to-Work" amendment was passed by the 1975 State Legislature and signed into law by the Governor.

Kansas Freeport Law exempts from taxation all personal property moving through or consigned to warehousing in the state from an outside point provided it is in transit to another final destination beyond Kansas borders. Goods manufactured instate, stored in a bonded and licensed warehouse and accompanied by required records are tax-exempt if at least 30% of the shipper's consignments went out of state during the previous year.

Kansas Industrial Training Program offers new and expanding industry state funds and technical assistance for training new employees and/or upgrading existing employees. Examples of expenses which might be covered under the program are:

- Instructor Wages
- Curriculum Planning
- Travel, Lodging and Meals
- Training Manuals
- Supplies, Materials, Stock
- Certain Utility Expenses

Programs are designed and geared to the specific needs of the companies involved. Actual training may take place in classrooms or on the production floor depending upon the individual situation.

Foreign Trade Zones in Kansas provide a duty-free and quota-free entry of foreign goods into specific areas under customs supervision for an unlimited period of time. Goods brought into a zone or sub-zone may be stored, manipulated, mixed with domestic or foreign materials used in manufacturing processes or exhibited for sale. Anything shipped out of a zone into the United States customs territory is then subject to duties. Goods reshipped to foreign nations are never subject to U.S. customs duties.

A **“One-Stop” Clearinghouse** is provided for obtaining permits and applications necessary for establishing and operating a business. The clearinghouse is operated by the Kansas Department of Economic Development.

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**KANSAS DEPARTMENT OF
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DEVELOPMENT DIVISION
SUMMARY OF ACTIVITY
(January 1-December 31, 1984)
February 7, 1985

MARKETING ACTIVITIES

Marketing efforts continue to center around out of state prospecting trips, either in conjunction with the Kansas Cavalry or by KDED staff, and media advertising in the major development magazines. Replacement of the "Data for Site Selection" and "Clear Reasons to Locate in Kansas" brochures with an integrated "upscale" campaign centered around the phrase "Kansas Perspectives" was the highlight of Division marketing efforts. Community and company reactions have been overwhelmingly positive.

During 1984, KDED personnel undertook a staff trip to Seattle/Vancouver as part of a four trip schedule initiated during FY1984. A total of 8 calls were made on the trip resulting in the identification of 1 new prospect and 4 suspects.

The Kansas Cavalry had an outstanding year, highlighted by major missions led by Governor Carlin to Europe and California. As a result of a Cavalry call on their headquarters in Reims, France, Brimont SA announced a major joint venture with Ottawa Truck for the production of all-terrain vehicles. Initial employment will total 75 with an eventual addition of 300 jobs. Another firm contacted during 1984, Servamatic Systems of San Ramon, California announced in January the opening of sales and fabrication facilities in Lenexa and Wichita as well as a sales office in Topeka.

<u>MISSION</u>	<u>CONTACTS</u>	<u>PROSPECTS</u>	<u>SUSPECTS</u>
1. Minnesota	19	5	7
2. Washington, D.C.	16	4	3
3. Europe	34	13	16
4. New England	44	8	2
5. California	42	7	6
	<u>155</u>	<u>37</u>	<u>34</u>

Total personal contacts made during 1984 by Kansas representatives totaled 163, resulting in 38 prospects and 38 suspects being identified.

As part of the effort to measure the number of contacts made by KDED with interested companies and investment contacts, records are kept of the number of location related materials mailed.

<u>ITEM</u>	<u>TOTAL MAILED</u>
1. Kansas Data for Site Selection	1,106
2. Kansas Export Directory	300

RESULTS

The number of active prospect files totaled 244 at the end of the year reflecting the general upturn in the economy. During the last 6 months of 1984, a total of 83 new files were started.

In-state prospect visits were up dramatically between 1983 and 1984, almost doubling in number. In fact, the total visits made in 1984 were greater than number of in-state trips by prospects during the previous two years combined.

<u>Year</u>	<u>Number of Companies</u>	<u>Total Visits</u>	<u>Domestic Companies</u>	<u>Visits</u>	<u>International Contacts</u>	<u>Visits</u>
1982	26	32	17	18	9	14
1983	34	43	29	38	5	5
1984	54	81	36	60	18	21
Total	114	156	82	116	32	40

The source of companies visiting Kansas has begun to shift as a result of greater cooperation between KDED and Kansas communities as well as the media advertising program.

<u>SOURCE</u>	<u>Number of Companies Visiting Kansas</u>			
	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>Total</u>
Company Initiated Contact	16 (62%)	18 (62%)	32 (59%)	66 (58%)
Cavalry Mission	10 (38%)	9 (31%)	8 (15%)	27 (24%)
Staff Trip	NA	0	0	0
Advertising	0	2 (6%)	3 (5%)	5 (4%)
Community Referral	0	5 (8%)	11 (21%)	16 (14%)
	<u>26</u>	<u>29</u>	<u>54</u>	<u>114</u>

A total of 37 Kansas communities were visited during 1984. The market is still oriented toward available buildings with 81% of the firms contacted during the year either preferring or requiring an existing building. The demand for buildings may soften in 1985 as better buildings continue to go off the market.

It should be noted that the sum of community visits will exceed the actual number of in-state company visits as a result of firms touring multiple locations.

Communities Visited/Total Visits

1. In Office - 16	14. Hutchinson - 4	27. Shawnee - 2
2. Kansas City - 12	15. Iola - 4	28. Tonganoxie - 2
3. Wichita - 12	16. Maize - 4	29. Wathena - 2
4. Lawrence - 11	17. Overland Park - 4	30. Bonner Springs - 1
5. Lenexa - 8	18. Junction City - 3	31. Edwardsville - 1
6. Olathe - 8	19. Ottawa - 3	32. Elwood - 1
7. Salina - 8	20. Baxter Springs - 2	33. Humboldt - 1
8. Leavenworth - 7	21. Independence - 2	34. McPherson - 1
9. Manhattan - 7	22. Jo. Co. ID Airport - 2	35. Merriam - 1
10. Topeka - 6	23. Neodesha - 2	36. Oswego - 1
11. Ellsworth - 5	24. Osborne - 2	37. Russell - 1
12. Pittsburg - 5	25. Paola - 2	38. Seneca - 1
13. Fort Scott - 4	26. Parsons - 2	

Over the last 3 years, 1982-84, a total of 50 Kansas communities have been visited by industrial prospects working with KDED.

1. In Office - 29	18. Jo. Co. ID Airport - 6	35. Humboldt - 2
2. Kansas City - 33	19. Overland Park - 6	36. McPherson - 2
3. Lawrence - 23	20. Fort Scott - 5	37. Neodesha - 2
4. Olathe - 20	21. Parsons - 5	38. Osborne - 2
5. Topeka - 20	22. Shawnee - 5	39. Paola - 2
6. Wichita - 20	23. Atchison - 4	40. Tonganoxie - 2
7. Lenexa - 18	24. Bonner Springs - 4	41. Wathena - 2
8. Salina - 14	25. Elwood - 4	42. DeSoto - 1
9. Leavenworth - 13	26. Independence - 4	43. Fredonia - 1
10. Hutchinson - 11	27. Baxter Springs - 3	44. Greensburg - 1
11. Manhattan - 10	28. Chanute - 3	45. Hiawatha - 1
12. Ellsworth - 7	29. Newton - 3	46. Hillsboro - 1
13. Iola - 7	30. Abilene - 2	47. Pratt - 1
14. Junction City - 7	31. Coffeyville - 2	48. Russell - 1
15. Maize - 7	32. Dodge City - 2	49. Seneca - 1
16. Ottawa - 7	33. Edwardsville - 2	50. Wellington - 1
17. Pittsburg - 7	34. Halstead - 2	51. Wellsville - 1

Although not a part of our performance indicators due to the lack of control over final decision making, the total number of new firms locating or announcing during 1984 which received assistance from KDED is of interest. During the past year 13 manufacturing firms, 3 distribution operations and 2 service firms located in Kansas at least in part due to assistance provided by KDED. Those 18 companies announced the creation of 1,439 new jobs and new investment in excess of \$52.65 million. Investment in 1984 more than doubled the \$25.05 million announced in 1983 while announced employment was slightly lower.

COMPANY	COMMUNITY	1984 TOTALS		SOURCE
		ANNOUNCED EMPLOYMENT	ANNOUNCED INVESTMENT	
1. Ruskin Div. of Philips (M)	Parsons	125	\$3.5 million	Company
2. Enders Tool (D)	Lenexa	15	NA	Referral
3. GFV Communications (M)	Wichita	178	\$23.0 million	Company
4. Palco Industries (M)	Baxter Springs	75	NA	Company
5. J.L. Pummell & Sons (M)	Lenexa	25	\$2.0 million	Referral
6. Ashland Chemical (D)	Lenexa	5	NA	Company
7. Schlage Lock (D)	Lenexa	20	NA	Referral
8. Marley Continental Homes (M)	Osage City	300	\$10.0 million	Company
9. Chermac International (M)	Overland Park	25	NA	Company
10. Kansas Roll Formers (M)	Lawrence	50	\$7.5 million	Company
11. Control Corp. (M)	Wichita	25	NA	Ad Response
12. Graphic Color of Kansas (M)	Wichita	10	\$0.25 million	Company
13. Keystone Railway Equip. (M)	Salina	55	NA	Company
14. Earth Resource Data (S)	Lenexa	10	\$0.40 million	Company
15. Dataprint Corp. (M)	Lenexa	2	NA	Company
16. Dayco Corp. (M)	Ft. Scott	164	\$6.0 million	Company
17. Student Loan Mkt. Assoc. (S)	Lawrence	60	NA	Referral
18. Brimont S.A. (M)	Ottawa	300	NA	Cavalry
		<u>1,439</u>	<u>\$52.65 million</u>	

(M = Manufacturer, D = Distribution, S = Service)

<u>COMPANY</u>	<u>COMMUNITY</u>	<u>1983 TOTALS</u>		<u>SOURCE</u>
		<u>ANNOUNCED EMPLOYMENT</u>	<u>ANNOUNCED INVESTMENT</u>	
1. Northwest Pipe & Casing (M)	Atchison	250	\$9.0 million	Company
2. AJM Packaging (M)	Kansas City	50	NA	Cavalry
3. Western Commerce (M)	Kansas City	50	\$1.0 million	Company
4. Tasty Frozen Products (M)	Lenexa	50	\$3.0 million	Company
5. Mid-Continent Cabinetry (M)	Newton	200	\$2.0 million	Cavalry
6. AEM Div. of Acrometals (M)	Olathe	200	\$2.0 million	Cavalry
7. Aldi Foods (D)	Olathe	125	\$5.0 million	Company
8. U.S. Supply (D)	Olathe	4	NA	Referral
9. Wattmaster (M)	Olathe	165	\$0.55 million	Company
10. BN Railroad (S)	Overland Park	250	NA	Referral
11. Hyman Freightways (S)	Wichita	1	NA	Company
12. Sunrise Packaging (M)	Wichita	55	\$2.5 million	Referral
13. Thomas Nelson Publishing (M)	Olathe	200	NA	Company
		<u>1,600</u>	<u>\$25.05 million</u>	

INDUSTRIAL DEVELOPMENT DIVISION

SUMMARY OF ACTIVITY

January 1-December 31, 1985

MARKETING ACTIVITIES

1985 Marketing efforts were once again focused on out-of-state prospecting trips with the Kansas Cavalry and expanded KDED staff trips. The Kansas Perspectives theme and graphic format continues to be expanded upon with the development of new stationery, business cards, community profiles, direct mail pieces and print media advertising. Community and company reaction to these materials continues to be overwhelmingly positive. An example of the quality of these materials was the results of the 1985 Southern Industrial Development Council Literature Awards competition in which the Division's print media campaign, direct mail post-card campaign and direct mail brochure were judged "Best of Class", "Best of Class" and "Excellent", respectively, by a judging panel of industrial development professionals.

The Kansas Cavalry efforts, planned and coordinated by the Industrial Development Division, become more refined and effective each year. The Cavalry conducted 5 missions in 1985, highlighted by a major mission to Chicago in October. Direct results of the Cavalry efforts were again exemplified by the location of Maric Packaging in Pittsburg, Kansas and the expansions of Hehr International in North Newton and Day and Zimmerman in Parsons.

The Division's staff trip efforts continue to expand. In 1984 the division conducted one staff trip; four were undertaken in 1985.

<u>CAVALRY MISSIONS</u>	<u>CONTACTS</u>	<u>PROSPECTS</u>	<u>SUSPECTS</u>
1. Philadelphia	23	9	5
2. Great Lakes	56	10	10
3. Washington, D.C.	---	--	--
4. Chicago	100	8	0
5. Canada	12	7	5
	<u>191</u>	<u>34</u>	<u>20</u>

<u>STAFF TRIPS</u>	<u>CONTACTS</u>	<u>PROSPECTS</u>	<u>SUSPECTS</u>
1. Georgia	12	4	7
2. Missouri	20	6	8
3. Oklahoma	10	3	2
4. Nebraska	5	3	2
	<u>47</u>	<u>16</u>	<u>19</u>

A total of 238 personal contacts with prospective industries were made during 1985, resulting in 50 prospects and 39 suspects for the State of Kansas.

Another part of the effort to measure the contacts made by KDED with companies interested in locations for new facilities includes records maintained on the distribution of basic data for site selection. In 1985, 1,586 packets of information were distributed.

PROSPECT ACTIVITY

During 1985, 56 new domestic prospect files were established and 26 new international files established. The total number of active prospect files at the end of the year was 154.

The Division hosted 59 in-state prospect visits during 1985 from 42 companies considering Kansas as a location for new facilities.

<u>Year</u>	<u>Number of Companies</u>	<u>Total Visits</u>	<u>Domestic Companies</u>	<u>Visits</u>	<u>International Contacts</u>	<u>Visits</u>
1982	26	32	17	18	9	14
1983	34	43	29	38	5	5
1984	54	81	36	60	18	21
1985	42	59	30	47	12	12
TOTAL	<u>156</u>	<u>215</u>	<u>112</u>	<u>163</u>	<u>44</u>	<u>52</u>

The source of those companies identified and visiting Kansas is outlined below. The leading source of these companies continues to be those companies that contact us directly. What is always difficult to determine is the indirect impact of media advertising, missions and surrounding publicity, and other promotional efforts and how they causally relate back to these inquiries.

<u>SOURCE</u>	<u>Number of Companies Visiting Kansas</u>					<u>TOTAL</u>
	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>		
Company Initiated Contact	16 (62%)	18 (62%)	32 (59%)	31 (74%)	97 (62%)	
Cavalry Mission	10 (38%)	9 (31%)	8 (15%)	6 (14%)	33 (21%)	
Staff Trip	NA	0	0	2 (5%)	2 (1%)	
Advertising	0	2 (6%)	3 (5%)	2 (5%)	7 (5%)	
Community Referral	0	5 (85)	11 (21%)	1 (2%)	17 (11%)	
	<u>26</u>	<u>29</u>	<u>54</u>	<u>42</u>	<u>156</u>	

42 Kansas communities received a total of 108 in-state visits as a result of KDED efforts. Those communities and the numbers of visits are as shown.

Communities Visited/Total Visits

1. In Office - 12	15. Wellmore - 2	29. Lindsborg - 1
2. Kansas City - 10	16. Newton - 2	30. Bonner Springs - 1
3. Manhattan - 8	17. Olathe - 2	31. Gardner - 1
4. Tonganoxie - 6	18. Wichita - 2	32. Iola - 1
5. Lenexa - 5	19. Paola - 2	33. North Newton - 1
6. Chanute - 5	20. Council Grove - 2	34. Fairway - 1
7. Lawrence - 4	21. Salina - 2	35. Leawood - 1
8. Junction City - 4	22. Emporia - 2	36. Prairie Village - 1
9. Hutchinson - 3	23. Abilene - 1	37. Merriam - 1
10. Overland Park - 3	24. Coldwater - 1	38. Wakefield - 1
11. Fort Scott - 3	25. Leavenworth - 1	39. Herington - 1
12. Topeka - 3	26. Parsons - 1	40. Maize - 1
13. Lansing - 3	27. Osawatomie - 1	41. Meade - 1
14. Pittsburg - 2	28. Humboldt - 1	42. Ottawa - 1

Firms locating or announcing in Kansas which received assistance from KDED is always of interest. Those firms, communities, announced employment and investment, and the source of the prospect are identified below.

NEW AND EXPANDING INDUSTRY-1985

<u>COMPANY</u>	<u>COMMUNITY</u>	<u>ANNOUNCED EMPLOYMENT</u>	<u>ANNOUNCED INVESTMENT</u>	<u>SOURCE</u>
1. Labels Unlimited	Lawrence	200	\$2.5 million	Community
2. Walker Division	Manhattan	30	\$.7 million	Company
3. Maric Packaging	Pittsburg	50	\$1.5 million	Cavalry
4. Nu-Con International	Tonganoxie	150	\$1.4 million	Company
5. Hehr International (Expansion)	North Newton	35	\$1.25 million	Cavalry
6. Day & Zimmerman (Expansion)	Parsons	200	N/A	Cavalry
7. Utlas Corp. (Expansion)	Merriam	25	N/A	Company
8. Cigna	Overland Park	250	N/A	Consultant
		<u>940</u>	<u>\$7.25</u>	

Worthy of note are two prospects which the Industrial Development Division spent considerable time and resources developing and working during 1985 that did not select a Kansas location; Saturn and Toyota. While these projects did not come to a conclusion in Kansas there was considerable benefit to the State of Kansas and Kansas communities by having gone through the process. We proved that we are able to handle the largest and most complicated projects, both international and domestic, in a credible, professional manner.

Ad astra per aspera



K A N S A S

Ad maiora per aspera. "To the stars through difficulties."
The state motto was adopted by the Kansas legislature
on May 25, 1861.

Our Heritage

The legacy of Kansas has always been comprised of nearly equal parts of our land and of our people — each shaping the other.

To survive, Kansas settlers had to be of a strong-willed, hard-working stock. For the difficulties were many. Our settlers were imaginative, God-fearing people who knew that they got out of the land only what they put into it.

For Kansas to prosper, the land had to be reshaped, plowed, planted. It needed the human touch. And through diligence, endurance, and a kindred spirit, Kansas reached out toward its potential.

Long before our state motto was adopted, Lewis and Clark, Kit Carson, and Buffalo Bill blazed the Kansas trail for the generations that would follow.

Today, you can retrace many famous footsteps and trails — from the historical forts of Larned, Leavenworth, and Hays — to the wagon-wheel-rutted paths of the Oregon, Santa Fe and Chisholm trails.

To the east, the steep and wooded hills easily give way to





the gentle undulations of the Flint Hills and fertile river valleys in the central part of our state. Then slowly, reluctantly, the hills flatten into the vast prairie of the western plains, where corn, soybeans, maize, and Turkey Red Wheat cover the prairie. (Turkey Red, or Mennonite wheat, is so named because it was brought from Russia and planted, seed by seed, by the Mennonites in 1874.)

This is Kansas, the land acquired for 4¢ an acre. Where Pike's peak was once located within its boundaries. Where more than one-half the state was "given away" to homesteaders beginning in 1862.

And these are Kansans, who homesteaded in sod homes, log huts, and dugouts. Who paid \$5.00 for a 10¢ piece of mail to travel by Pony Express. Who overcame the early years of loneliness, when neighbors were sometimes miles away, by building strong and lasting families.

Kansas. And Kansans. As we attain our potential, the challenge begins anew. Then we're off again, after a new star.

Family Life

When all is said and done, it is our people who are our greatest asset and who make Kansas what she is today. From stagecoaches to jumbo jets, and from sod huts to highrises, Kansans aspire to tomorrow. Each at their own pace.

"Ahh..." a lifetime resident might tell you, "you'll love the pace of life here. Slow ... relaxed ... peaceful."

But another lifetime resident may go on endlessly about the advantages of living in a small town, while commuting daily into a metropolitan area — in minutes rather than hours. Many Kansans choose to live in smaller communities, where the pace is a little slower, and work nearby in larger cities. "It is," they will tell you, "the best of both worlds."

We think having the choice is what's most important.

Wherever you look, in small communities and large, you'll find Kansas families enjoying things together. Whether it's a quiet walk together, a summer





Sunday picnic, or harvest dinner for the entire crew, our families stick together. And they enjoy life together!

Kansas consistently ranks in the top ten nationally in the life expectancy rate — thanks in large part to our moderate climate and clear, blue skies. But there's more to healthy living than that.

Kansans believe in enjoying life, and believe that life without a family wouldn't be nearly so enjoyable. That's a healthy attitude, and combined with the Kansas climate, it's easy to see why Kansas is such a popular and healthy place to live.

From the youngest grandchild to the recent bride and groom's great grandparents, Kansans move forward toward tomorrow. Kansas families move forward together.

Kansas is traditional. And Kansas is progressive. It is, as we say, "the best of both worlds."



Recreation

What's there to do in Kansas?
Just name your game!

Wherever you live in Kansas,
you're just minutes away from
the countryside and all the
outdoor activities you can
think of.

Spring and summer find
Kansans taking to the water —
over 300,000 acres available for
water skiing, fishing, sailing,
swimming, canoeing, and
camping. Or, if you prefer to stay
dry, perhaps a round of golf is
for you. Or hang gliding. Or
hot-air ballooning. It's all here.
All you have to do is make the
choice and do it!

Check out Kansas in the fall
and winter. You won't see our
residents sitting at home
watching TV and waiting for
warmer weather, no sir. Each
fall, Kansans join thousands of
out-of-staters as they take to the
fields for some of the finest
upland bird hunting in the
country. A lucky few even get
their chances at deer and
antelope.

Farmland and undeveloped
areas make up 95% of Kansas,
and that makes for great outdoor
activities all year long. The same
vast acreage of recreational
water that attracts Kansans





during the summer months attracts duck hunters, ice fishermen and skaters during the winter. And ice or not, the sun shines 65% of the year in Kansas. That means usually moderate winters, even when the ground is covered with snow.

That first snowfall is what cross-country skiers anxiously await each year. Then off they go into the country hills or the city golf courses to discover a solitude few have experienced before them.

All this activity sound too strenuous for some? Then turn your attention to our major sports offerings and cultural events. Major league indoor soccer, baseball, and college activities — all at a level of competition equal to anywhere. Festivals, symphonies, museums, galleries, and theaters. It's all here ... all year long.

Kansas recreation. Indoors and out. January through December. See for yourself why Kansans are such a healthy lot. See for yourself how difficult it is to be bored in Kansas!

Outdoors

You may argue, rightfully so, that Kansas can't have any more "nature" than another state. However, the great outdoors Kansas does offer is unique in a number of ways.

As we've mentioned, one great advantage to living in Kansas is that you're never more than a few minutes away from the countryside and all that it offers. But you don't have to drive to the country to be close to nature.

Look at the large number of parks and zoos in our cities. Years ago, parks were used as local gathering places for everything from political rallies to picnics and plays. Today, little has changed except the majestic oak and elm trees have grown taller, and now shade larger areas where our children can run and play.

Kansans' attitude toward their land is another unique factor. Kansans grew as the land and nature around them flourished. We carved a living for our families from its fertile soil. And whenever possible, we turn back to the land for recreation and fun — or, just for a moment's peace, or a short pause to give thanks.





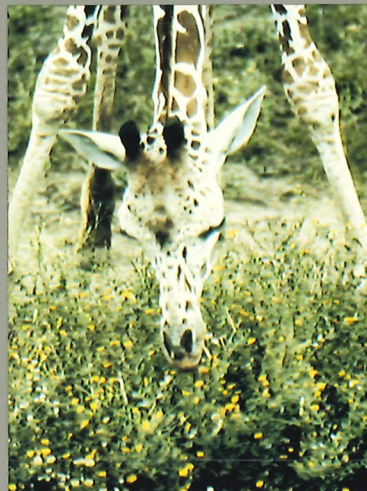
Kansans take the time to enjoy nature. To smell the flowers that sprout as fertile proof to the healthy coexistence of our people and our land. And Kansans take the time to celebrate nature. From folk festivals statewide, to May Day celebrations singing the praise of nature, Kansans ritually celebrate the growing season and the harvest. We celebrate what the land provides. And we provide what the land and nature require to keep on providing. Together, we continue to exist in harmony. Kansas is a leading mineral producing state, supplying our country with crude oil, natural gas, and natural gas liquids. Several important industries rely on nature's extensive fuel reserves for the manufacture of petroleum products. The land just keeps on providing, as it has done throughout its history. That's the nature of Kansans. And when they sing the praise of nature, they realize they are no more than the vocals in a two-part harmony.

Entertainment

We've told you most of the outdoor story of Kansas and the wide variety of activities it offers, such as fairs and festivals, zoos and parks, hunting and fishing, and skiing and swimming. Let's move indoors.

It's not surprising that our large communities offer the kind of cultural attractions that major metropolitan areas are noted for. From symphony to ballet, to museums, galleries, and large-scale theatre productions, Kansas *Indoors* offers something for everyone.

But in Kansas, culture and leisure-time activities aren't limited to our metropolitan areas. Everywhere across our state, the past and present meld to form a progressive, contemporary lifestyle





for the people who live here.

Perhaps your idea of entertainment revolves around a quiet dinner at some out-of-the-way place. Or, an active night of dancing at the local hot spot. Maybe a dinner theater is more to your liking. Whatever your tastes, Kansas hotels and restaurants and clubs statewide offer a variety of pleasure-time fun for those whose bent is toward "indoor sports."

From large city symphonies to small city pageants, fairs, and rodeos, Kansas offers an abundance of entertainment!

Our suggestion to visitors and new arrivals? See for yourself. Discovering Kansas is as entertaining as enjoying it!

Education and Training

Kansas — where the past combines with the present and together, arm-in-arm, they step forward into the future.

Kansas education and training begins with our children and we are proud of our achievements in both. Kansas ranks eighth in the nation in the percent of individuals 18 years or older who graduate from high school. And we rank above the national average in percentage of college graduates among the general population.

Kansas supports six public universities, with 17 private four-year and four private two-year colleges. Our recently expanded system also includes 19 junior colleges, 14 area vocational-technical schools and one technical institute.





Graduation from any Kansas institution doesn't mean the end to learning. The Kansas Department of Education, the Vocational Education Administration, the Kansas Department of Economic Development, and the Private Industry Councils develop training programs to meet the specialized needs of new and expanding companies. Programs involve a comprehensive and flexible approach which can include the development of a master training plan, special training methods, qualified instructors, trainee selection and evaluation, and funding for training costs. Add to our pride in education and training our heritage for working hard, and you'll see why Kansans accomplish their jobs with enthusiasm and dedication.



Cities and Towns

Cities and towns — without people — would be little more than empty buildings and streets where even memories fade quickly. One visit to a genuine Kansas ghost town and you'll begin to understand that feeling, as memories from the far past whisper in the Kansas wind, crying out to be heard.

But visit a Kansas city that's alive and prosperous and meet the people there and you'll begin to understand, too, why each of us is so much a part of our past. Memories fade in people's minds, also; so they are passed along to sons and daughters in the forms of folklore and stories — rescued for another generation.

Meet our people. Look on at the fairs and festivals they celebrate. When they invite you in for a cool drink, accept, and see for yourself the homes of Kansans and the manner in which they live.





Stay awhile. You'll begin to understand how the Kansas heritage has bred such traditional values as honesty, openness, and a genuine friendliness that spans cultures as easily as it spans generations.

We hope you've enjoyed reading about our state. We couldn't hope to do justice to the many activities we offer, or to the many people who make Kansas such an exciting place to live. We do hope, however, that these few minutes have given you an idea of the flavor of our state and of our people.

Now it's time to come and see for yourself. See Kansas and meet Kansans. Visit Kansas soon.

You'll find our Welcome Mat is always out!

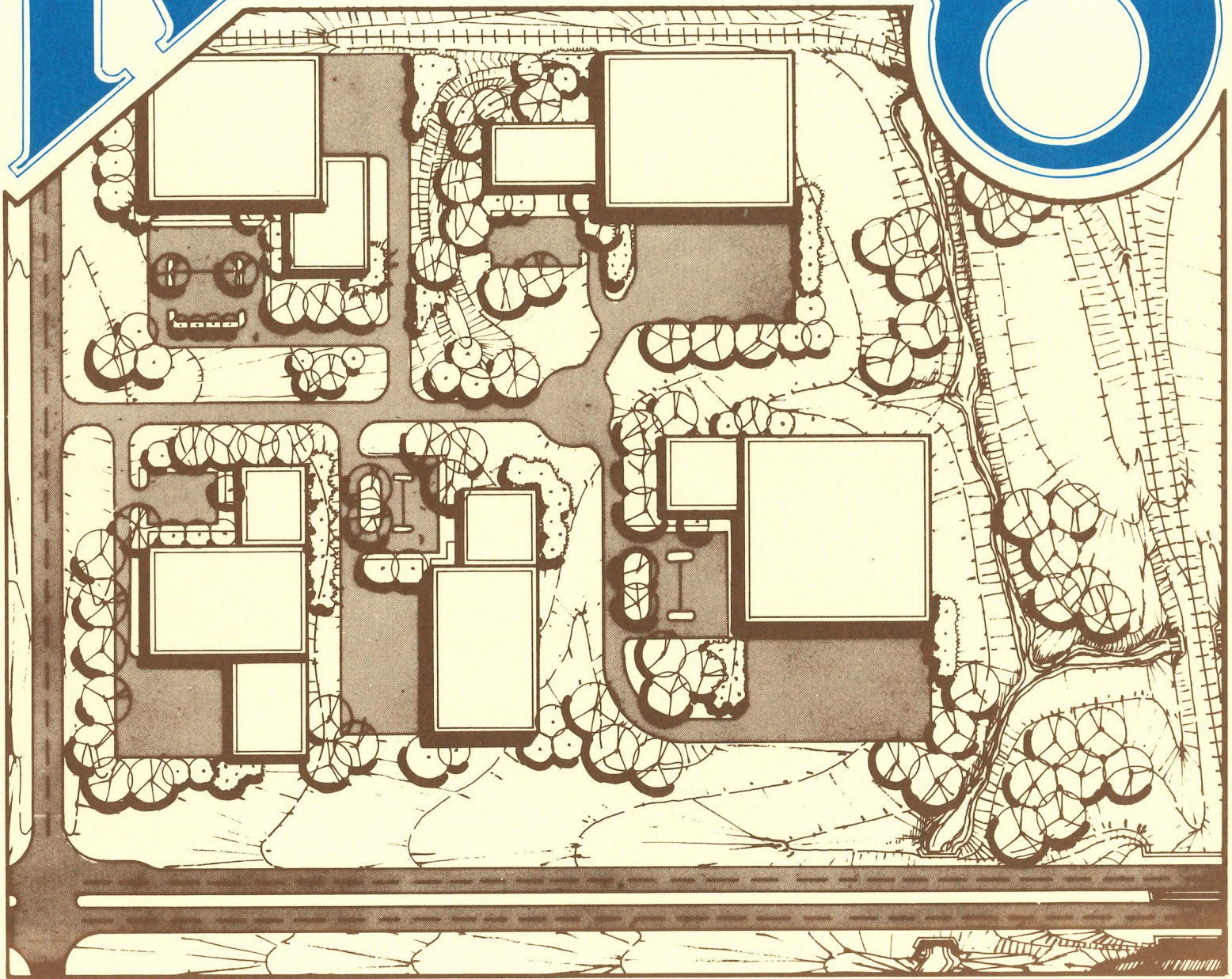
For full details, contact:
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KANSAS



A Community Guide to Industrial Development

Kansas Department of Economic Development



INTRODUCTION

Creating jobs for the unemployed, under-employed and youth, and expanding the local tax base are two goals toward which most communities should work. Adding new industry is the most often cited method of achieving those goals. However, industrial development requires hard work, commitment, and a basic understanding of the development process. This manual will explain the industrial development process at the community level. Its purpose is to help you, the local industrial developer, volunteer, and chamber of commerce representative, decide (1) if you really have the necessary components to attract new industry to your community and, (2) how to hold on to the industry you already have.

The emphasis of this manual is placed on attracting new business. The attraction effort will require the greatest amount of your time and is probably what you are least familiar with. However, the retention of existing business and industry is essential to the success of a comprehensive economic development program because if you consistently fail to hold on to what you have, you will most assuredly fail to attract new industry.

WHAT IS INDUSTRIAL DEVELOPMENT?

Industrial development is the process of bringing together essential resources to successfully attract and retain industrial facilities.

A process . . .

This phrase implies that industrial development is comprehensive in nature and requires you to look objectively at your community. The process is designed to maintain and improve the economic vitality of your community and must be carefully evaluated to assure that it is beneficial to the community. Because the location decision has an impact on the entire community, you will be called to highlight the attributes of your city, assist with the location process, and minimize conflicts between new industry and existing activities.

Ultimately, you must decide if you should actively pursue an industrial expansion program. You may find as you begin this process that your efforts can be put to better use improving other aspects of your community, such as essential community services. Possibly you should explore alternatives, such as tourism, expanding your service sector, or attracting government agencies. Each of these activities can bring dollars into your community in a fashion similar to industrial or manufacturing firms -- only the "product" is different.

The Industrial Development Manual

This manual begins with the assumption that you are one member of an interested group of individuals considering industrial development for your community. As a result of your interest, countless questions have probably occurred to you. This manual will raise other questions as well as provide a source of answers.

Generally, there are five components to any industrial development program that every community must be prepared to accomplish:

- * Establishing community support
- * Building a formal organization
- * Collecting detailed community facts
- * Establishing industrial sites
- * Undertaking promotional efforts

These five key elements make up the framework of a successful industrial development program, and they are discussed in detail within this manual. However, keep in mind that industrial development is a continuous process, with steps to be followed and decisions to be made at specific points throughout the process.

To simplify the problem and help you understand the industrial development process, we have divided this manual into four general sections:

1. DECIDING WHETHER TO UNDERTAKE INDUSTRIAL DEVELOPMENT. In this section we provide you with the framework from which to evaluate whether or not you are ready to undertake industrial development. Before you proceed with an industrial development campaign, you must first answer three questions:

- * Why do we want industrial development?
- * Is there community support?
- * Are we competitive?

Only after you have seriously evaluated these three questions will you be able to determine if you should proceed.

2. BEGINNING YOUR INDUSTRIAL DEVELOPMENT PROGRAM. Once you have decided to go ahead, many procedural steps must be accomplished before you can actually begin "prospecting" for new industry. You must:

- * Establish a formal organization
- * Complete a detailed community analysis
- * Formulate specific goals and objectives
- * Prepare your prospecting materials

3. PROSPECTING INDUSTRIAL FIRMS. When you have done your "homework", prepared your materials, "honed" your presentation, and mapped out your community tour, then you will be ready to actively recruit industrial firms. Section 3 will answer questions, such as: "Should I advertise in national magazines?" "What about direct mail and contact trips?" "Should I attend professional seminars or join the Kansas Cavalry?" Various techniques have been tried; with various degrees of success. If you put the right package and the right people together, you may ultimately succeed and be fortunate enough to move on to the fourth step in the process.

4. WORKING WITH NEW AND EXISTING INDUSTRY. How you treat your first "success story" may well affect future successes. It is a rare case when a prospect does not visit existing local manufacturers for their opinions concerning the community. If you have made the firm feel welcome, have recognized the important contributions the industry is making, and have assisted their staff with local procedural items, then that firm will be your best recommendation for the future. Section 4 briefly discusses the essential questions of working with new industry and establishing an "existing business" program.

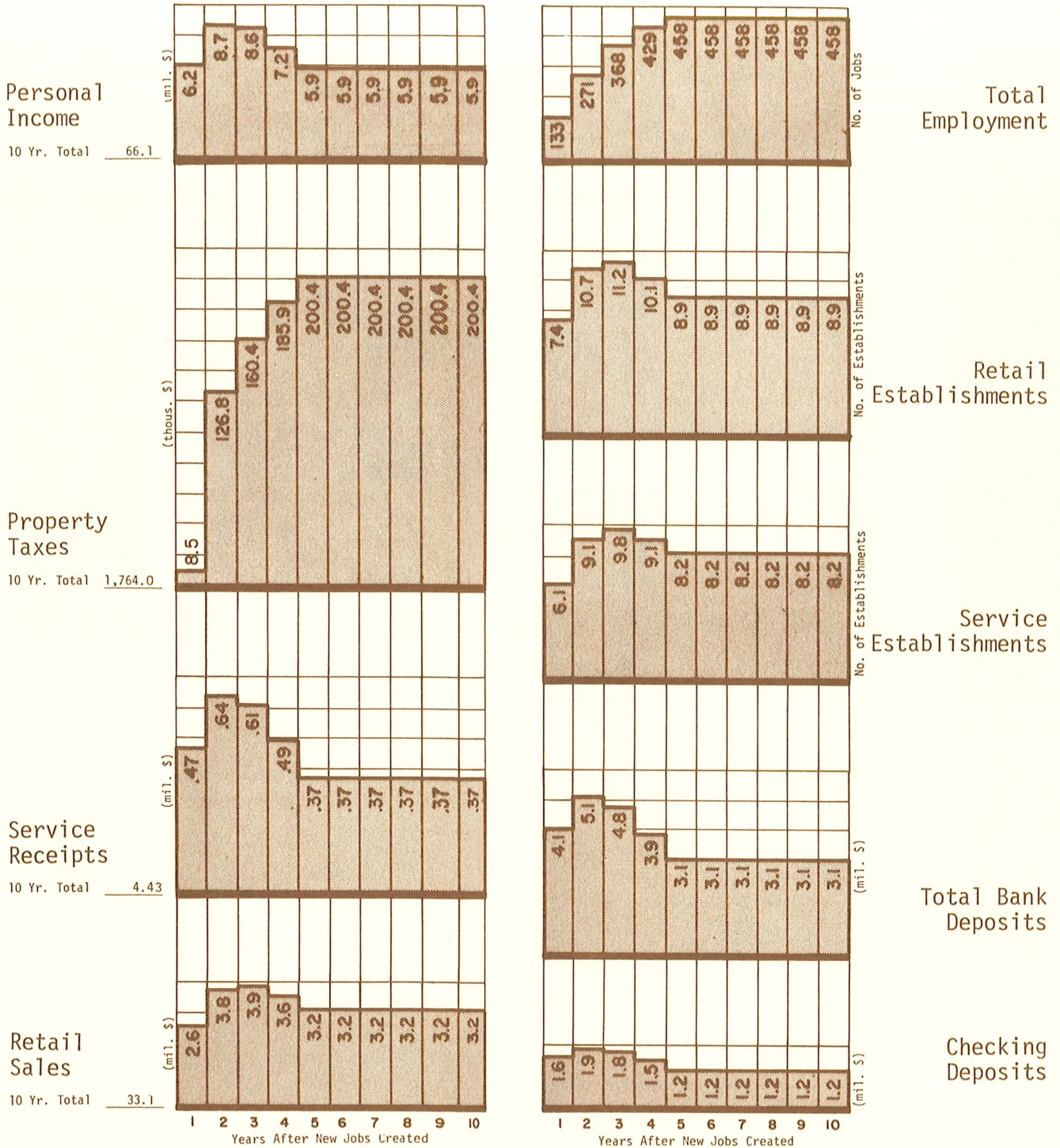
These four parts comprise the framework of an industrial development campaign. Although this manual has intentionally been kept short, the essential steps of an industrial program are all here. Only your creativity and, above all, your initiative can limit your real potential. But first, the necessary components of a sound industrial development

program have to be set in place.

WHAT 100 ADDITIONAL BASIC JOBS MEAN FOR AN AVERAGE KANSAS COUNTY

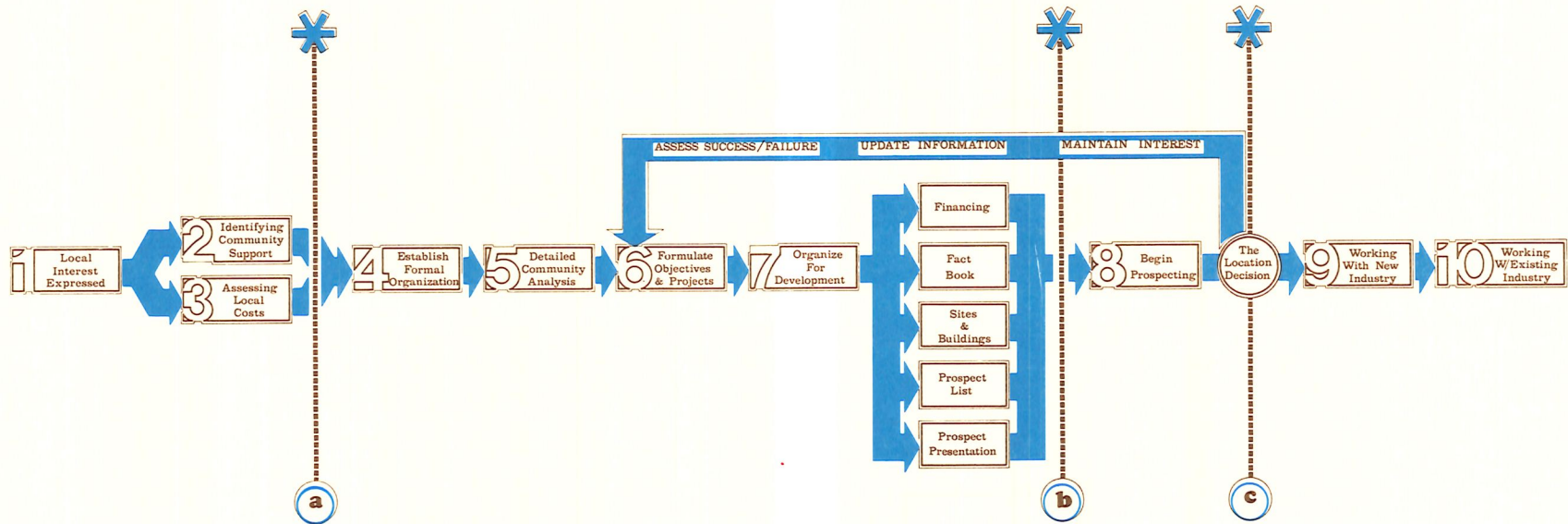
FLOW VARIABLES

STOCK VARIABLES



The figures for the variables charted indicate the changes in the level of those variables at the end of each year since the 100 new jobs were created. These figures should be viewed only as orders of magnitude describing the general effects of 100 new jobs and not as an exact measure of anticipated growth.

THE INDUSTRIAL DEVELOPMENT PROCESS



- a** CROSSROADS: -proceed or reevaluate the process.
- b** Set dates for progress reports.
- c** Continue the process.

Chapter **1** **DECIDING**

1 Local Interest Expressed

It is rare to attend a public meeting where the topic of jobs or taxes does not get mentioned. More often than not, industrial development is viewed as the quickest solution to both problems. The most commonly held attitude is, "If we can land an industrial firm or two, we can provide jobs, broaden our tax base, build that new school, and keep our young people from moving away." That may very well be true, but too few communities ask themselves if they are ready to begin an industrial development program or if they have what it takes to be successful.

WHY DO YOU WANT INDUSTRY IN YOUR TOWN?

Too many communities fail to really consider this question. The answer seems obvious and is often the same: "We have a great town, but it has a few problems. Industry could be just the trick to solve them for us." If that is your answer, you already have one strike against you. You are looking for new industry to solve your problems, pay for poor fiscal planning with their tax dollars, and keep people from leaving for better jobs and better communities elsewhere.

The successful industrial developer is both positive and aggressive. Why do you want industry? "To provide more job opportunities for our people." You must not only project a positive attitude about your community, you must demonstrate that you are taking steps toward helping yourself. When you know what it is you want from new industry, then you can decide whether you should really undertake an industrial development effort.

2 Identifying Community Support

HOW CAN I DECIDE IF MY COMMUNITY IS READY TO UNDERTAKE INDUSTRIAL DEVELOPMENT?

By asking that question you have already taken a necessary first step. Do not assume that industrial development is for everyone. You must first determine what degree of community support there is for industrial development and how competitive you will be.

WHAT DO YOU MEAN BY DEGREE OF SUPPORT?

One of the first things that must be done is to determine who supports the idea. If you are to be successful, then community support is essential. Before you go very far, talk to your community leaders, both public and private. Will your city government support and assist you? Find out who influences the decision-making process in your community and secure their support. It may become necessary for you to build support for an aggressive industrial development program. Talk to your local bankers. Discuss with them the advantages of new manufacturing jobs and determine their attitudes toward new industry. Do the same with other business people and municipal officials. If necessary, undertake a series of articles in the local newspaper explaining the need for an aggressive development program.

3 Assessing Local Costs

HOW CAN I DETERMINE IF WE ARE COMPETITIVE?

Because you are in the earliest phase of the industrial development process, a preliminary analysis of your competitive position is recommended. Is there sufficient labor in your community? Can your community provide adequate water, sewer, natural gas, electricity? How good are local transportation systems (highway, rail, air and water)? In other words, does your city need major capital improvements and how much will it cost to make you competitive?



WHAT IS SUFFICIENT LABOR?

This is probably one of the most difficult questions to answer. For many rural Kansas communities, unemployment is not a problem, but outmigration and underemployment are. Documenting your labor supply will not only provide a prospect with necessary information, it will also give you an idea of the kinds of industrial firms you should be recruiting. At this point in your evaluation, ask yourself a number of basic questions:

1. How many people live within 30 miles of my community?
2. What is the basic age/sex structure of the population?
3. How many are employed? Unemployed?

4. Where are our graduating seniors going after high school? After college?
5. How do employers view the labor market in terms of availability and composition (i.e., age, sex, skills, education?)

If you think the answers to these questions are positive, proceed.

HOW IMPORTANT ARE ALTERNATIVE SOURCES OF TRANSPORTATION?

Alternative transportation means are very important. The costs of transporting raw materials to the plant and taking the finished products to the market are increasing. Many firms are locating in industrial parks where they have access to both rail and highways even though they may not currently use rail transportation. In addition, many of the growing industries of today are locating in communities with good, convenient airport facilities. Some do this to optimize the use of their corporate aircraft, others to reduce time between business meetings, and still others to ensure quick delivery of essential production components. A long production delay as the result of a malfunctioning component can be very costly, and the quick delivery of an important production part can make the difference between a profitable sale or a loss.

A checklist . . .

Before deciding whether to proceed with an industrial development campaign, complete the following checklist. If you think the results are positive, begin your campaign. There are no right or wrong answers to the checklist. You must make the judgement; the list will only help to clarify the issues. Many of the answers you will already know, and the others you can find with a simple telephone call.

DECIDING TO UNDERTAKE INDUSTRIAL DEVELOPMENT

THE "GO- NO GO" CHECKLIST

- COMMUNITY SUPPORT -

1. Rate the support of.....
- | | | | | |
|-------------------------|-------------|-------------|-------------|-------------|
| | <u>Good</u> | <u>Fair</u> | <u>Poor</u> | <u>None</u> |
| a. financial community? | | | | |
| b. local developers? | | | | |
| c. City Hall? | | | | |
| d. other manufacturers? | | | | |
| e. retail community? | | | | |
| f. Chamber of Commerce? | | | | |
2. Who are the "decision makers" in your community? Do you have their support?
- | | | |
|--|-----|----|
| | Yes | No |
|--|-----|----|

- ASSESSING LOCAL COSTS -

3. Water Supply:
- | | | | |
|-------------------|-------------|-----------|-----------|
| Peak Demand _____ | Gallons/Day | | |
| Supply _____ | Gallons/Day | | |
| Storage _____ | Gallons | | |
| | | Adequate: | Yes No |
4. Water Distribution System:
- Is it looped? _____
- Are lines generally 6" or greater? _____
- How old is the system? _____
- | | | |
|--|-----------|-----------|
| | Adequate: | Yes No |
|--|-----------|-----------|
5. Sanitary Treatment Facility:
- | | | | |
|--------------------------|---------|-----------|-----------|
| Peak Day Flow _____ | Gallons | | |
| Treatment Capacity _____ | Gallons | | |
| | | Adequate: | Yes No |
6. Sanitary Sewer Collection System:
- | | | |
|--|-----------|-----------|
| | Adequate: | Yes No |
|--|-----------|-----------|
7. Electricity:
- | | | | |
|-------------------|----------------|-----------|-----------|
| Peak Demand _____ | Kilovolt Hours | | |
| Supply _____ | Kilovolt Hours | | |
| | | Adequate: | Yes No |
8. Natural Gas Supply:
- | | | |
|--|----------------------|-----------|
| | Expansion Potential: | Yes No |
|--|----------------------|-----------|
9. Transportation:
- Highways:
- | | | |
|------------|-----|----|
| State | Yes | No |
| U.S. | Yes | No |
| Interstate | Yes | No |
- Railroads:
- | | | |
|--|-----|----|
| | Yes | No |
|--|-----|----|
- Airport:
- | | | |
|-----------------------|-----|----|
| Business Jet Capacity | Yes | No |
| Commercial Service | Yes | No |
- Barge Capacity:
- | | | |
|--|-----|----|
| | Yes | No |
|--|-----|----|
10. Housing Supply:
- | | | |
|--|-----------|-----------|
| | Adequate: | Yes No |
|--|-----------|-----------|

4 Establish Formal Organization

It is essential that you establish a formal, visible organization which is responsible for the industrial development activities of your city. This is extremely important because prospects should be able to easily identify the local contact. Also, the organization assists the State in its development efforts. It provides the people of your community with a single, recognizable group responsible for industrial development. Finally, it ensures prospects you visibly support industrial development.

IS THERE ANY SPECIFIC KIND OF ORGANIZATION WE SHOULD ESTABLISH?

Industrial development organizations may take a variety of forms and get involved in many activities, including industrial development, improving housing quality, undertaking downtown revitalization programs, and establishing general economic "self-help" programs. It is important that you "spell out" the direction you want to take and establish the organization that best fits your needs. Four general organizational types are common in Kansas:

- * Local profit development corporation
- * Local non-profit development corporation
- * County/City development commission
- * Chamber of Commerce industrial development committee

To be most successful, an industrial development organization must be able to call upon the resources and talents of both the municipal and Chamber of Commerce staff. In fact, to be most responsive, it is helpful if either

the Chamber of Commerce executive or a specific city employee is available to function as the full-time staff person to handle the day-to-day business of the industrial development organization.

WHICH IS BETTER, THE PROFIT OR NON-PROFIT CORPORATION?

Each form has assets and liabilities and, therefore, the selection of one organization type over another will depend upon which type best relates to your particular circumstances. Briefly, funds are often easier to raise with a profit organization through the sale of stocks. However, donations to a non-profit corporation can be tax deductible if the organization qualifies with the U.S. Internal Revenue Service.

PROFIT ORGANIZATIONS

1. Money invested can be repaid.
2. Dividends can be paid.
3. One vote per share.
4. Subject to state and federal income tax.
5. SBA can participate.
6. Stock purchased is not deductible from personal income tax.
7. Often a profit motive on land sales.
8. Possibly easier to raise capital.

NON-PROFIT ORGANIZATIONS

1. Non-redeemable debenture; a donation.
2. No dividends are paid.
3. One vote per member.
4. No income taxes paid.
5. SBA can participate.
6. Donations may be tax deductible.
7. Industrial development is prime directive, not selling real estate.
8. Demonstrate a positive attitude toward industrial development.

The point to be kept in mind is that you are not in the business to make money from your industrial development efforts. You are trying to help your community grow. Any profits made should go back to further your effort and serve as an investment in your city. The major characteristics of each organizational type are listed above.

Many communities elect to establish both profit and non-profit organizations. The non-profit organization functions as the principal by borrowing money from and repaying it with interest to the profit organization. Often the same officers preside over both organizations. Whichever organization you decide to establish, the organizational responsibilities are generally the same:

1. Determine the type: profit or non-profit.
2. Establish an amount and par value of the stock/debentures.
3. Establish a method for stock/debenture sales.
4. Have an attorney draw up Articles of Incorporation and By-Laws.
5. Submit the Articles of Incorporation to the Secretary of State.

Keep in mind that to qualify for SBA assistance you must follow certain guidelines. Both the Small Business Administration and the Kansas Department of Economic Development can provide you with assistance in organizing your corporation.

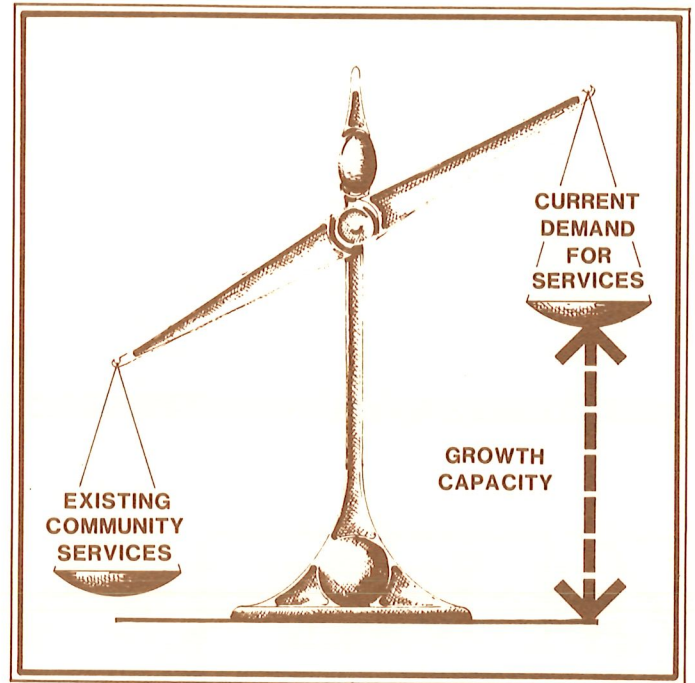
IF WE DECIDE TO SELL STOCK, WHAT IS THE RECOMMENDED PRICE PER SHARE?

First, you should decide on the total capitalization of your corporation. The amount varies considerably, generally ranging from \$25,000 to \$100,000; the higher amount being more common. By defining the capitalization amount, you indicate your level of authorization. You do not have to raise an amount equal to your authorization.

The price per share also varies considerably but usually ranges from \$10 to \$100. You must determine what value will sell best in your community. Share values of \$25 and \$50 seem to be most common.

5 Detailed Community Analysis

The detailed community analysis is actually an analysis of local constraints to growth or your ability to support new activities. Further, it is an ongoing process and must be regularly updated.



Knowing your community is essential to the success of your industrial development program. After all, you are much like any businessman selling a product; to make the sale you must know your product, and in this case your product is your community. Through detailed community analysis you can better formulate and implement the specific project which may mean success or failure for your industrial development program.

WHAT COULD POSSIBLY STOP US FROM GROWING?

General factors which affect a city's growth potential are:

- * Labor
- * Housing
- * Schools
- * Public Works
- * Local Financing

You must evaluate the capacity of your community facilities, define their ability to absorb and support growth and then carefully guide that growth to maintain a pace that is manageable.

Labor Capacity

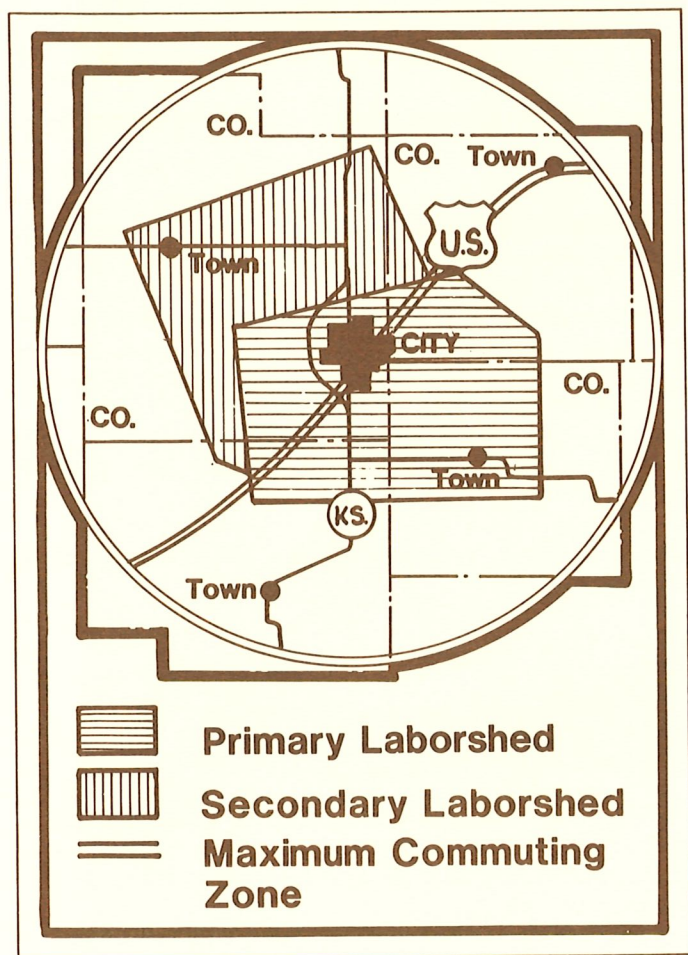
Knowledge of local labor is crucial, both in terms of supply, available skills, and costs. Much of the labor force information required by a prospect will be discussed later in this booklet. Here, we will outline a simple procedure to assist you in analyzing your labor market capacity.

FIRST, DETERMINE YOUR LABOR MARKET AREA.

Primary: Area from within which you can attract minimum wage earners.

Secondary: Area from within which you can attract workers to higher-paying jobs without severe competition.

Maximum Commuting Zone: Usually not more than 30 miles in Kansas. Although in some areas, if wages are high, the distance can be greater.



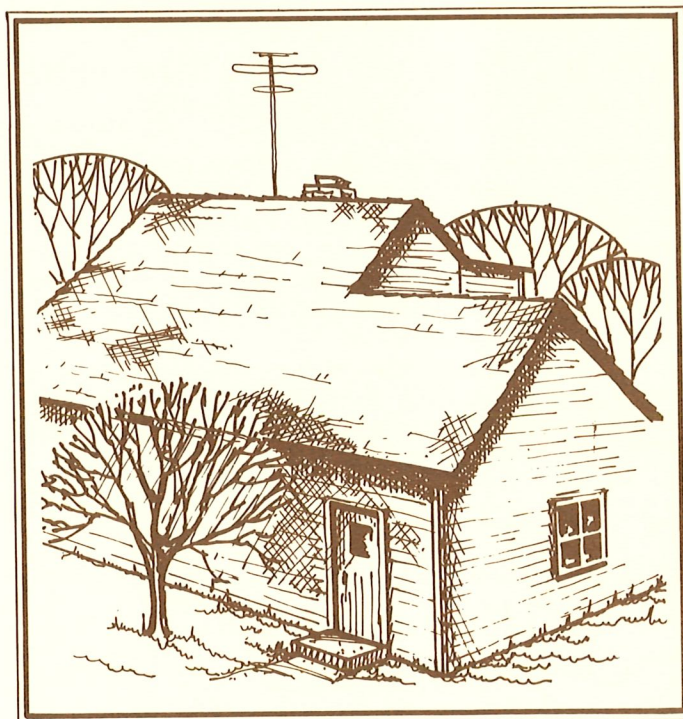
Once you have identified your labor market areas, complete the following table using Census data.

LABOR CAPACITY ANALYSIS

LABORSHED ZONE	TOTAL POPULATION		
	1960	1970	1980
Primary Laborshed			
Secondary Laborshed			
Thirty Mile Zone			
TOTAL			

After you have completed this table, talk to local employers and get their opinions on labor force supply. If you show steady employment growth and local employers have had no problem filling vacancies, then you have a favorable labor force growth capacity.

Because labor force information becomes dated very quickly, the sources suggested above are the best for your preliminary labor force analysis. It is generally advisable to wait until you have a specific request from a prospect before you undertake a detailed labor force survey.



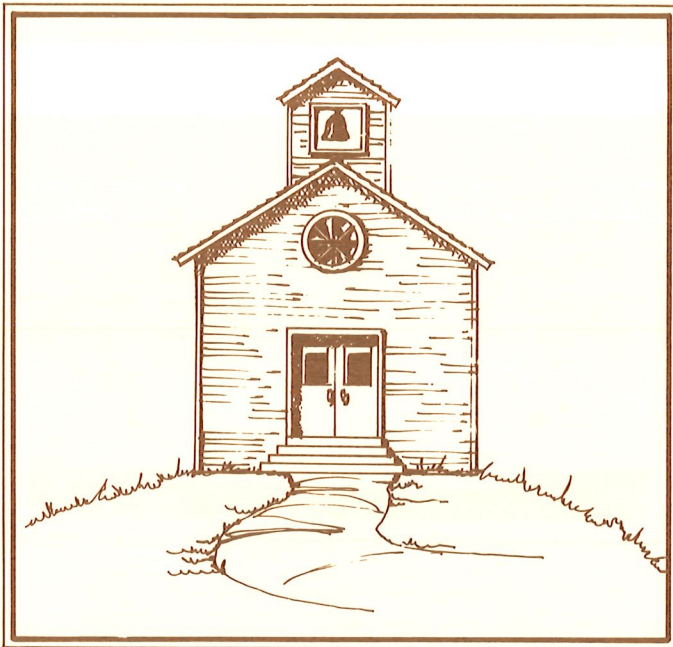
Housing Capacity

A healthy housing market is an asset to communities seeking growth. Suitable housing should be available in a

variety of types and prices. Consult the local building inspector and area realtors for the information necessary to complete the following Housing Capacity Analysis table.

HOUSING CAPACITY ANALYSIS			
Available Housing By Cost			
	Single-Family	Duplex	Multi-Family (Monthly rent units)
\$ 35,000			
\$ 50,000			
\$ 75,000			
\$100,000			

A "tight" housing market should encourage you to develop aggressive housing financing programs.



School System Capacity

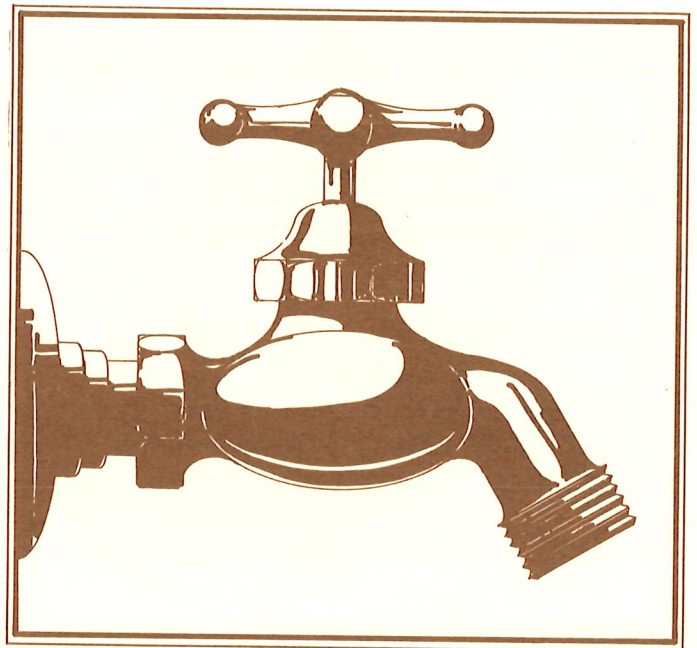
A quality local school system can encourage growth in your community. Although your school system capacity is relatively easy to measure by comparing classroom capacity to enrollments, and by comparing student/teacher ratios, quality education is more difficult. The following table should be of assistance.

SCHOOL CAPACITY ANALYSIS									
	Elementary			Junior High			Senior High		
	1970	1975	1980	1970	1975	1980	1970	1975	1980
Enrollment									
Classroom space ¹ per student (sq. ft.)									
Students/Teacher ²									
SAT/ACT Scores ³ (Compared With...)									
State Averages	Above	_____		Average	_____		Below	_____	
National Averages	Above	_____		Average	_____		Below	_____	

¹Recommended standard is 30 square feet per student for traditional classrooms.
²Recommended ratio of 25 to 30 students per teacher (less for younger grades).
³An indication of quality.

Public Works Capacity

The availability and functional capacity of local community services play an important role in the industrial development process. You must provide a minimum level of services before you can grow. In most Kansas communities, these essential services include water, sewage disposal, and transportation. Your ability to provide water, dispose of sewage, and provide a good transportation system are important basic components of a successful industrial development program.



Water is an important public service you can provide new businesses. Eighty-five percent of the manufacturers interviewed by the Department of Commerce listed water supply as a significant locational determinant. The following table should be of assistance when evaluating your local water system.

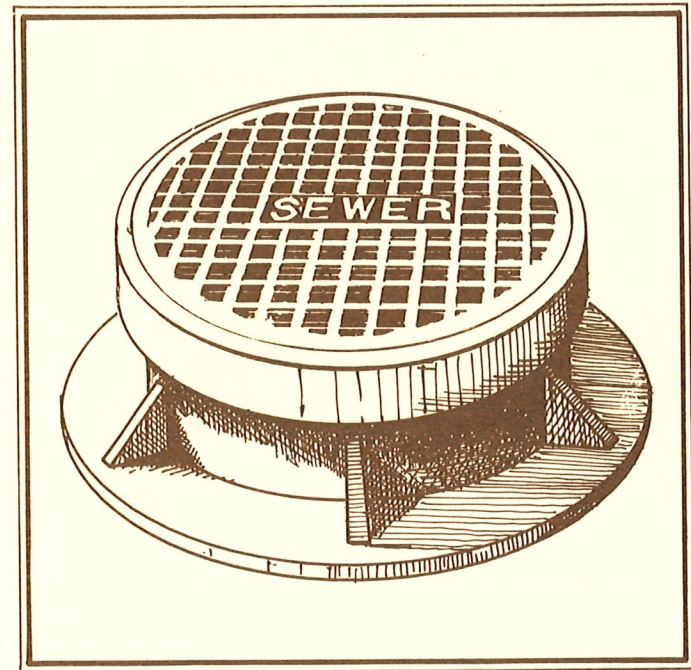
WATER SYSTEM CAPACITY ANALYSIS

1. Treatment Capacity _____ gallons per day.
2. Storage Capacity
 Ground Storage _____ gallons.
 Elevated Storage _____ gallons.
3. Distribution Network (by line diameter)

% 2"	% 4"	% 6"	% 8"	% 10" or greater
_____	_____	_____	_____	_____
4. Maximum Daily Demand: 1975 = _____ 1980 = _____
 This Year = _____
5. Capacity minus Demand = _____
6. Storage minus Demand = _____

If your system has a predominance of old, small water lines (less than 6"), pressure could be a serious problem for fire fighting. Further, the difference between demand and capacity (including storage) indicates your total growth capacity. Storage is important because it may function as your supply during power outages. Most Kansas communities should have an average of one day's supply of water in storage.

Before you complete your water system analysis, list the major improvements needed for your water system and estimate the cost to make those improvements.



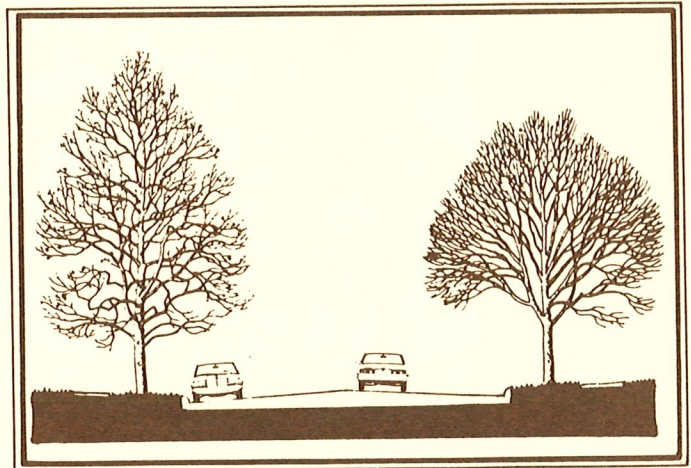
Your capacity for sewage treatment is also important to the industrial development process. Consult with your utilities department and complete the following table.

SEWAGE SYSTEM CAPACITY ANALYSIS

1. Kind of treatment facility

2. Daily plant capacity _____
3. Peak day flow _____
4. Average day flow _____

This very brief analysis will give you an idea of the quality of your local sewage treatment system. For example, if peak day flows are significantly higher than the average day flow, it could indicate old or deteriorated sewer lines which are allowing too much water into the system. In your discussions with the plant operators, determine if the sewer plant is treating waste to a standard acceptable by both the State Department of Health and the Environmental Protection Agency. Also, find out if you can treat industrial wastes, such as heavy grease and acids. If not, this will be a warning to you to avoid firms with these by-products. Finally, develop a list of major improvements needed for your system, along with cost estimates for each improvement.



Finally, evaluate your community's transportation system. Ask yourself if your major streets can accommodate their present traffic flows. Are your streets well surfaced? Can you easily get from your home to shopping facilities or other places of business? Do you have good access to potential industrial areas? Once you have answered each of these questions, list the major improvements needed, with the cost of making those improvements.

The next step involved in reviewing your local transportation system is to analyze the connections between your city and other cities. To assist you in this, complete the following table.

TRANSPORTATION SYSTEM ANALYSIS

1. Highways

Number of highways serving city:
Federal _____ State _____

Are you within 15 miles of an interstate?
Yes _____ No _____

2. Motor Freight Carriers Serving Community

	<u>Contract</u>	<u>Common</u>
Interstate	_____	_____
Intrastate	_____	_____
Bus Service	Yes _____	No _____

3. Rail

Number of railroads serving city _____

Number of freight trains/day _____

Is there piggyback service?
Yes _____ No _____

Name(s) of railroads _____

Is there reciprocal switching?
Yes _____ No _____

4. Travel time by carrier - dock to dock

	<u>Days By Railroad</u>	<u>Days By Truck</u>
Kansas City	_____	_____
Denver	_____	_____
St. Louis	_____	_____
Chicago	_____	_____
Omaha	_____	_____
Oklahoma City	_____	_____
Dallas	_____	_____
Los Angeles	_____	_____
New York	_____	_____

5. Distance to public airport (miles)

Runway type () sod
() hard surface

Runway length _____

Lighted runway Yes _____ No _____

Distance to commercial airport (miles) _____

Sources of power, both natural gas and electricity, will also be important to your potential for growth. Regardless of who supplies power services, you should familiarize yourself with those sources and find out if they are adequate to meet your needs. The following table will help you assess the adequacy of your power supply.

POWER CAPACITY ANALYSIS

1. Electricity

Supplier _____

KW peak demand _____

KW capacity _____

2. Natural Gas

Supplier _____

Is industrial service available?

Yes _____ No _____

3. Is there a natural gas limit for industrial users?

Yes _____ No _____

Private Financing Capacity

The major source of industrial financing today is in the private sector, through commercial banks. Therefore, it is important for you to talk to your local bankers and determine their willingness to support increased business activity in your city. Ask your local financial institutions if they are willing to purchase local industrial revenue bond issues. Explore with them the opportunity of establishing a local economic development fund, perhaps through a joint banking venture. In general, assess their willingness and ability (loan limits) to support industrial development with local financing.

6 Formulate Objectives & Projects

Once you have completed the analysis of your community's ability to support growth and identified your strengths and weaknesses, you will be able to actively begin the industrial development process and get people involved. The amount of success you experience in your industrial development program will depend upon the amount of community support and involvement brought into the process.

BUT, I THOUGHT YOU WERE SUPPOSED TO KEEP THESE THINGS QUIET, WITH ONLY A VERY FEW PEOPLE INVOLVED?

That is true when you are dealing with a specific prospect. Then confidentiality is essential. The wrong word at the wrong time could ruin a potential success. However, the rest of the time, particularly when preparing your community for that first prospect, communication is very important.

There is no better place to encourage active citizen involvement than when you are forming your initial goals, objectives and projects. Some communities hand pick their local action groups, others seek volunteers. Whichever you do, the group should be broad enough based to reflect community concerns and the following general process should be followed:

ACTION GROUP FOR POLICY MAKING

1. Select the initial group.
2. Establish a meeting time and place.
3. Inform them by mail about what your organization is trying to do and what you want from them.
4. Conduct a workshop on objectives formulation.
5. Conduct a workshop on policy formulation.
6. Conduct a final workshop on a priority system.

Your action groups will undoubtedly establish more policies than can possibly be completed within a reasonable time period. Therefore, you must prioritize each policy. For example, you will have only a few general goals, such as:

- GOALS -

- * IMPROVE JOB OPPORTUNITIES
- * MAINTAIN AND IMPROVE QUALITY OF LIFE

Under each goal, you will have any number of objectives, such as:

- OBJECTIVES -

- * PROVIDE OPPORTUNITIES FOR INDUSTRIAL DEVELOPMENT
- * EXPAND JOB TRAINING OPPORTUNITIES
- * INCREASE ECONOMIC DIVERSITY

Finally, under each objective you may have a multitude of policies, such as:

- POLICIES -

- * DEVELOP AN INDUSTRIAL PARK
- * ESTABLISH A PROFESSIONAL DEVELOPMENT STAFF
- * UPDATE THE INDUSTRIAL FACTS BOOK

As you go through the process, the total system will appear much like the following example:

- * GOAL: IMPROVE JOB OPPORTUNITIES
Objective: Provide opportunities for industrial development.
Policy: Develop an industrial park.



Once you have completed this process, you should develop a program for implementation which assigns specific responsibilities to individuals or organizations to accomplish each project. In addition, you should develop a realistic time frame within which you would like to see the project implemented, and identify sources of funding for each project. The following page shows an example of a successful economic development plan. Whatever else your list includes, there are five (5) elements which **MUST BE INCLUDED**:

- * FINANCING
- * FACTS BOOK
- * SITES AND BUILDINGS
- * PROSPECT LIST
- * PROSPECT PRESENTATION

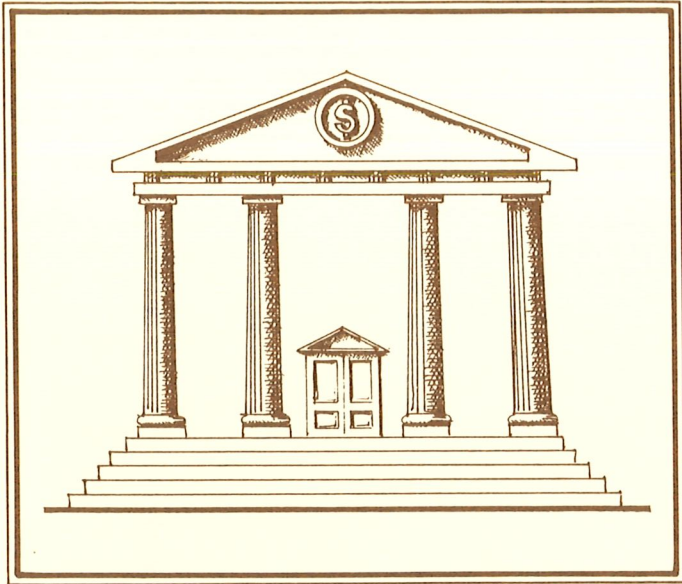
Each of these five categories should be assigned to an individual or group of individuals to prepare for your first prospect. These individuals may later be the team that meets with industrial prospects, so it may be wise to keep this group small with an equally knowledgeable back-up team for support when members are not available. It is still important however, that the entire community be informed about what you are trying to accomplish and the progress you are making. The following pages outline the minimum information needed in each of these five categories.

Financing for industrial development can come from a variety of sources, including federal, state, and local; both public and private. Creative financing methods are the topic of the day, but they usually come in combination with more traditional sources. The more common sources of funding for industrial development are listed below.

FIVE-YEAR PHASING PLAN FOR IMPLEMENTATION OF THE ECONOMIC DEVELOPMENT PLAN

RATING	PROJECT	PROJECT COST	DATE PROJECT BEGAN	DATE PROJECT COMPLETED	RESPONSIBLE COMMITTEE	PUBLIC/PRIVATE RESPONSIBILITY IN DOLLARS (COSTS INFLATED AT A 10% ANNUAL RATE)											
						1981		1982		1983		1984		1985		1986	
						CITY	PVT	CITY	PVT	CITY	PVT	CITY	PVT	CITY	PVT	CITY	PVT
PROJECTS WHICH REQUIRE CAPITAL EXPENDITURES																	
1	POLICY J1.1: DEVELOP AN INDUSTRIAL PARK	214,603			1981	COMMITTEE FOR INDUSTRIAL DEVELOPMENT	100,000 ¹		124,489 ²								
7.3	POLICY J1.2: CONSTRUCT A "SPEC" BUILDING	466,000			1981	COMMITTEE FOR INDUSTRIAL DEVELOPMENT/ INDUSTRIAL DEVELOPMENT CORPORATION			512,600 ³								
5.5	POLICY J1.5: PROVIDE PUBLIC AID TO PRIVATE INDUSTRIAL PARKS	216,920			1981	COMMITTEE FOR INDUSTRIAL DEVELOPMENT				138,848 ⁴	123,626 ⁵						
4.7	POLICY J1.7: PROSPECT SMALL, CLEAN INDUSTRIES	7,658			1981	COMMITTEE FOR INDUSTRIAL DEVELOPMENT			3,829 ²	3,829 ⁶							
4.3	POLICY J1.10: MAINTAIN EXISTING INDUSTRIES	2,500			1981	COMMITTEE FOR INDUSTRIAL DEVELOPMENT			250 ⁷	250 ⁶	250 ⁷	250 ⁶	250 ⁷	250 ⁶	250 ⁷	250 ⁶	250 ⁷
4.5	POLICY J4.2: ENCOURAGE AGRICULTURAL DEVELOPMENT	5,000			1981	COMMITTEE FOR INDUSTRIAL DEVELOPMENT			500 ⁷	500 ⁶	500 ⁷	500 ⁶	500 ⁷	500 ⁶	500 ⁷	500 ⁶	500 ⁷
3.7	POLICY J5.1: PROVIDE ANNEXED AREAS WITH SANITARY SEWER	216,225			1981	ECONOMIC DEVELOPMENT COUNCIL			174,000 ⁴	42,225 ⁵							
2.0	POLICY J5.2: IMPROVE WATER SYSTEM	1,435,027			1981	ECONOMIC DEVELOPMENT COUNCIL; BOARD OF MUNICIPAL UTILITIES			47,389 ^{4a}		633,827 ⁴		49,399 ^{4a}		660,710 ⁴		43,702 ^{4a}
5.2	POLICY Q1.5: ESTABLISH A YOUTH/ELDERLY RECREATION PLAN COMMITTEE	1,000			1981	COMMITTEE TO IMPROVE THE QUALITY OF LIFE			250 ⁷	250 ¹	250 ⁷	250 ¹					
4.8	POLICY Q4.3: IMPROVE LIBRARY FACILITIES	240,451			1981	COMMITTEE TO IMPROVE THE QUALITY OF LIFE											
						TOTAL (\$2,668,547)	100,000		350,707	599,654	773,675	124,626	50,149	750	661,460	750	44,452
PROJECTS WHICH DO NOT REQUIRE CAPITAL EXPENDITURES																	
6.3	POLICY Q2.1: ENCOURAGE THE DEVELOPMENT OF HOUSING FOR LOW-INCOME AND ELDERLY RESIDENTS	-0-			1981	QUALITY OF LIFE COMMITTEE; HOUSING AUTHORITY; PRIVATE DEVELOPERS											
5	POLICY Q7.1: ESTABLISH A "CITY BEAUTIFICATION" PROGRAM	-0-			1981	QUALITY OF LIFE COMMITTEE; THE PARK BOARD											
2.3	POLICY Q7.4: COORDINATE PLANS WITH OTHER CITIES	-0-			1981	THE ECONOMIC DEVELOPMENT COUNCIL											

¹COMMUNITY DEVELOPMENT BLOCK GRANT
²SALES TAX REVENUES
³LEVERAGE FROM EXISTING SOURCES & BOND OR MEMBERSHIP SALES TO THE CORP.
⁴REVENUE BONDS
^{4a}TEMPORARY NOTES UNTIL CONSTRUCTION BONDS ARE SOLD
⁵PRIVATE DEVELOPER COMMITMENTS
⁶DONATIONS TO NON-PROFIT ORGANIZATION, CHAMBER OF COMMERCE BUDGET
⁷CITY GENERAL OPERATING BUDGET



LOCAL FINANCING

Tax Levies

Cities and counties are empowered to levy a tax "for the purpose of creating a fund to be used in securing industries or manufacturing institutions" (K.S.A. 12-1617h). Cities can levy up to one mill and counties up to 1/2 mill. There are very few limitations on those funds. A city levy must be passed by a majority of votes cast in a public election. County levies may be authorized by the County Commissioners.

Bond Sales and Donations

As discussed in the section on organization, a local development corporation can sell shares of stock, the proceeds of which can be used to encourage industrial development. Many organizations utilize these funds for promotional efforts as well as land purchases and improvements. Tax-exempt donations to non-profit corporations are often used in the same fashion.

STATE FINANCING

Industrial Revenue Bonds

Probably one of the most powerful and successful tools for industrial development in the State of Kansas are tax-exempt industrial revenue bonds (IRB's; see K.S.A. 12-1740). IRB's are securities issued by cities and counties for the purpose of purchasing land and financing buildings and fixed equipment for lease or sale to responsible companies. Principal and interest payments are paid only from the rental payments made by the lessee. There is no obligation to the city or county issuing the bonds, and interest paid to bond holders is exempt from Federal and State income tax liability.

From the community's standpoint, industrial revenue bonds are an effective development tool. State statute requires a 10-year property tax moratorium on properties improved with IRB's; however, payments in lieu of taxes are often required. Before you talk to a prospect concerning bonds, be sure you determine your city's policy on payments in lieu of taxes. Your city need not charge any payment or you can charge the entire amount forgone on property taxes.

Enterprise Zone

In 1982, the Kansas Legislature enacted HB 3121, the "Kansas Enterprise Zone Act". The purpose of this act is to encourage business development through a series of incentives, which include:

1. Preference to projects in enterprise zones in the provisions of State programs, funds and services.
2. Tax increment financing (K.S.A. 12-1771).
3. Job creation tax credit: \$350 for new business facility, employee not residing in the enterprise zone, and \$500 for enterprise zone residents.
4. Investment tax credit: \$300/\$100,000 in new business facility investment.
5. Refund of sales taxes paid on the purchase of tangible personal property or services purchased for a new business facility located within an enterprise zone.

Kansas Development Credit Corporation

Established under K.S.A. 17-2328, development credit corporations are authorized to promote, aid, develop and advance the industrial and business prosperity of the State of Kansas; to encourage new industries; and to stimulate all kinds of business ventures which promote growth in the State.

Development Credit Corporations are empowered to borrow money from the Small Business Administration (SBA), state and federal agencies, and member commercial banks and trust companies. When businesses find private lenders are unwilling to extend credit, Kansas Development Credit Corporation is authorized to lend funds, regulate the terms and conditions of the loan, and administer any real property acquired in satisfaction of the debt.

FEDERAL FINANCING

Over the years, the Federal Government has provided various financing programs to encourage development. Agencies participating in these programs have included the Farmers Home Administration (FmHA), the Economic Development Administration (EDA), the Department of Housing and Urban Development (HUD), and the Small Business Administration (SBA).

The Small Business Administration is authorized to make loans to State and Local development companies for use in assisting small businesses. SBA provides loan guarantees which can meet long-term credit needs of small businesses.

In addition, both the Farmers Home Administration and the Economic Development Administration provide assistance to manufacturing activities. Each agency can provide guaranteed loans and EDA can provide direct loans.

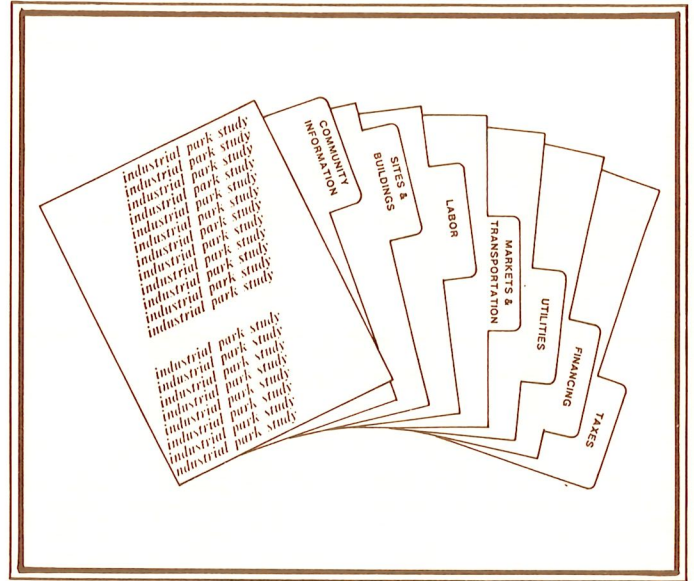
FACTS BOOK

The Industrial Facts Book, Economic Data Book, Industrial Survey, Industrial Prospectus, or whatever you wish to call it, is a necessity to your development program. The "facts book" represents an inventory of your community and, as such, should be kept up-to-date. Its purpose is to anticipate a prospect's questions and have the answers ready in an easy to understand format.

When you are putting the facts book together, careful thought should be given to its format. For example, much of the information will become dated and should be regularly replaced. If your facts book is bound, the entire document must be replaced when new materials are added or old material is brought up-to-date. Also, the facts book represents a lot of hard work and is not intended for general mailings. A smaller, less costly brochure may be utilized in a mass mailing campaign.

Finally, the content of the facts book is all important. As previously indicated, the data should be kept as current as possible. How you elect to present your materials is generally left up to you; however, there is a certain amount of information which must be included in every facts book. First, you should begin by reviewing your Community Profile, which is on file at the Kansas Department of Economic Development, to be certain the information is complete and up-to-date. Your facts book must explain the same information in much more detail. The following categories should be included in the facts book:

- * LABOR/WAGES
- * TRANSPORTATION
- * UTILITIES
- * LAND AND BUILDINGS
- * TAXES
- * QUALITY OF LIFE



Labor

Labor is one of the most important factors in an industry's location decision, and wages are a significant portion of an industry's geographically variable operating costs. You should periodically update your file of area wage rates, job skills, and labor availability. There are many sources of labor force information including the Department of Commerce Census Reports and the State Department of Human Resources. You should also conduct interviews with local business leaders, major employers and bankers. Employers can provide you with accurate information on wages, productivity, and labor force quality and quantity. From their loan files and check cashing records, bankers can give you an idea of the numbers of area residents working in nearby cities. However, because they quickly become dated, detailed labor force surveys are not required until a specific prospect asks that one be conducted.

Transportation

The cost of transportation also represents a significant cost to manufacturing operations. You should document the means of transportation available in your community -- highways, air, rail, water -- and, to the degree possible, who provides transportation services and with what frequency. To give your city an edge over the competition, you might also prepare a page of representative freight rates. When providing this information, keep in mind maps showing location and traffic routes can be very helpful.

Utilities

The cost and availability of utility service is very important and it is one of the fastest-increasing costs of doing business. You might begin your utility data file with historic

trends showing the cost of providing each of the various services, but, be certain to provide accurate data concerning the quality of each service. Has service been interrupted over any significant period? What is the excess capacity over and above peak demand? Do you have utilities provided to specific buildings or sites? Is your water system looped? Are most of your water lines six inches or greater in size? Finally, include a list of whom to contact concerning each of the various utilities.

Taxes

Taxes do receive consideration in the location decision, and your taxes should be accurately documented, particularly property taxes. You should also compare your taxes to those of similar cities. If your taxes appear high, compare them with the quality of services offered. High taxes and poor services might warn a prospect away from your city by indicating a poor fiscal policy.

Further, taxes are taken as a reflection of community attitude. When documenting state and local taxes, you should also provide information on the tax incentives available in your city; such as exemption from ad valorem taxes on production machinery or enterprise zone designation.

Quality of Life

Over the years quality of life considerations have become increasingly important. This is true in part because the regional differences in cost variables have become more even and also because of changing values by those making the final industrial location decision.



You should document quality of life variables such as the availability and cost of housing, and include an up-to-date inventory of the number of homes on the market and their prices. You should list local and regional educational opportunities because they will affect not only the opportunity for employee benefits, but will also serve as training centers for future employees. The institutions available as well as their general curriculum should be listed.

Other community attributes you should document include available medical facilities and services, recreational opportunities, cultural activities, shopping facilities and country clubs. This information can be as important to a plant manager as major cost factors. The decision to locate in one place rather than another may be based on quality of life factors, all other things generally being equal.

REPRESENTATIVE ELECTRIC RATES

Year	Average Demand Kilowatt Hours/ Month	Unit Cost	Monthly Cost
1982	150,000	% 4.66	\$ 6,985.67
1981	150,000	4.00	6,002.07
1980	150,000	2.94	4,407.22
1979	150,000	3.35	5,027.93
1978	150,000	3.12	4,685.23
1977	150,000	3.19	4,789.65
1976	150,000	2.35	3,528.51
1975	150,000	2.46	3,684.83
1974	150,000	1.42	2,129.63
1973	150,000	1.40	2,092.95

REPRESENTATIVE WATER RATES

Water Meter Size	1974	1979	1981	1982
5/8"	\$ 3.00	\$ 3.00	\$ 5.00	\$ 7.00
3/4"	3.50	3.50	5.80	8.12
1"	4.00	4.00	6.75	9.45
1-1/2"	5.00	5.00	8.50	11.90
2"	10.00	10.00	16.75	23.45
3"	15.00	15.00	25.00	35.00
4"	25.00	25.00	42.00	58.80
6"	45.00	45.00	75.00	105.00
8"	60.00	60.00	100.00	140.00
1,001-70,000 Gallons	1.25	1.43	1.65	1.90
Over 70,000 Gallons	.80	.92	1.05	----
70,000-120,000 Gallons	----	----	----	1.50
Over 200,000 Gallons	----	----	----	1.20

REPRESENTATIVE SEWAGE RATES

	1st 1,000 Gallons	Per 1,000 Gal. Thereafter	Max Res. Charge
1974-78	\$ 1.50	\$ 0.27	\$ ----
1979	2.25	0.30	4.65
1981	3.25	0.40	6.05
1982	4.25	0.52	7.89

Land and Buildings

The availability of developed or developable land can make the difference between the consideration of your community and its elimination. You should document information about potential sites, including site details such as distance to utilities, zoning, ownership, and land prices.

You should also provide detailed information on available industrial buildings in your community. Include documentation of the age of the structure, its construction materials, the square footage of both operating and office space, electrical service availability, and, if available, typical heating and cooling bills. You should also provide information about ownership and purchase prices.

SITES AND BUILDINGS

One of the most important considerations affecting the location of industry is the availability of sites. It is extremely difficult to "sell" your community without sites to show. Most companies want to know what sites are available; how much electric power and natural gas is available; and how near to the site are water and sewer lines.

HOW IMPORTANT IS IT TO HAVE A FULLY DEVELOPED INDUSTRIAL PARK?

It is important, but industrial site analysts realize it is difficult for small communities to fully develop an industrial park, especially on a speculative basis. Smaller communities can provide a variety of industrial sites, each with sufficient area for a single firm if an industrial park is beyond their means. Whichever possibility best suits your community, controlling land and its price is important. Further, it is helpful if the land is cleared, graded and controlled. Land control mechanisms include:

- * Zoning: A land control mechanism which can prevent good industrial land from being developed for other purposes.
- * Right of First Refusal: Provides you with the ability to purchase property in advance of a pending sale.
- * Option: A contractual agreement specifying the price for which land can be purchased, if purchased within a specified period of time. The option guarantees control of land for the time period, which should be as long as possible.
- * Purchase: Actual payment for property.

All too often, if the land is not controlled, news of a potential manufacturer causes land prices to speculatively escalate. And, without a site in your control, it will be difficult to "sell" your community and difficult for the Kansas Department of Economic Development to assist you with marketing. (KDED keeps a file on available buildings and sites in Kansas -- you should provide them with updated information whenever it is available.)

Site Selection

The selection of the right land for development, at a reasonable cost, is important to the development of an industrial park. Often, the most available, least expensive tract of land is selected regardless of whether it meets the operating criteria of industry. A wrong decision at this point can be very costly. If the property is not well situated, it may not be marketable. Professional assistance in industrial park site selection is recommended. However, you can begin the evaluation process by analyzing available tracts yourself and eliminating those which obviously should not be considered.

The major principles guiding the site selection process are listed below:

SELECTING AN INDUSTRIAL PARK

ACCESS: One of the most important factors in industrial park selection. The industrial park site should be close to as many travel routes and means of transportation as possible. However, being adjacent to a highway or rail line does not ensure that access is available. Carefully review this criteria when selecting your site.

TOPOGRAPHY & DRAINAGE: Each of these factors is also very important when selecting your site. Tractor trailers have difficulty with slopes exceeding 8 percent and locomotives with slopes greater than 1 to 2 percent. A general rule of thumb is to select a site with slopes under 10 percent.

Topography also affects drainage, and drainage is often the most expensive on-site development cost. Select a site that drains well without requiring too many major changes when development occurs.

FLOOD PLAINS: Because of the cost of flood control structures and fill material, select a site outside of the 100-year flood plain of streams and waterways.

VACANT LAND: If sites you are reviewing have structures on them now, you may want to reconsider. Demolition and relocation costs can be prohibitive. It is also helpful to avoid sites with dense vegetation. Clearing and grubbing is an additional development cost.

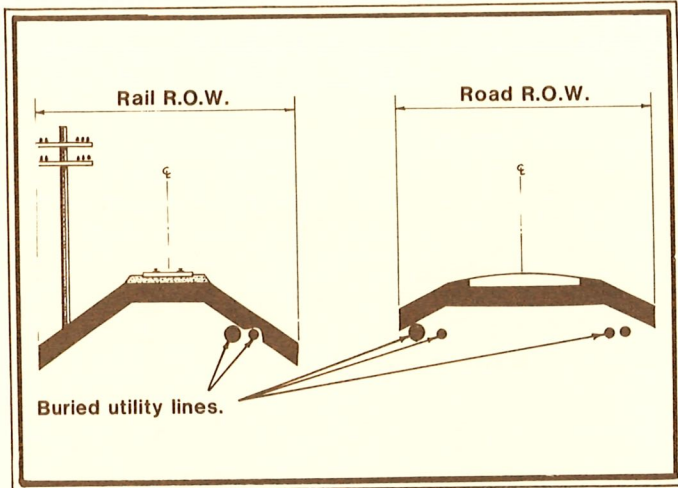
SOILS: Generally, soils should be able to support heavy loads and be relatively free of subsurface rock.

UTILITIES: The cost of extending utilities often improves the feasibility of one site over another. Select your sites to minimize the distance to utilities.

ZONING: Improper zoning can be difficult to change, so select sites with a minimum of conflicts between industrial users and surrounding properties. Consult local land use plans and zoning maps when making your decision.

OWNERSHIP: When negotiating either a land sale or option, it is much easier to deal with only one owner. Carefully consider ownership when selecting industrial park sites. Minimize your difficulties whenever possible.

SIZE: As a general rule, do not select an industrial park of less than 20 acres. Per acre development costs are usually too high on sites smaller than 20 acres. Also do not purchase or option more than you can reasonably hope to develop or support.



Design

In design, as with site selection, it is very important to include the assistance of a qualified professional. Design should incorporate two principles -- cost and versatility. Design should utilize the natural attributes of each site to minimize roadways, grading and utilities. The fewer improvements needed, the lower the development costs. It is also crucial to design your park in the most versatile fashion possible. It is important to plan your park to ensure proper development, but absorption or land sales are often slow and the design must consider that some buyers will want only three acres, while others may want 20. The industrial park design must be flexible enough to accommodate both instances. The following criteria should be used in industrial park design:

Generally, the more you can do toward selecting, designing and developing an industrial park, the more competitive you will be in the attraction of those relatively few new plants coming to Kansas each year. Your park can be more than just a location incentive to a new industry moving in from outside your city. It can serve as a stimulus to new business activity within your own city and county. An industrial park can serve as the catalyst to many other economic activities.

DESIGNING AN INDUSTRIAL PARK

STREETS: Minimize street length and avoid double frontage on lots. Rights-of-way should be between 80 feet and 120 feet with pavement widths varying, but generally not less than 28 feet. Street grades should be kept below 5 percent with a 50-foot curb radius at corners and a 25-foot curb radius at driveways. Pavement material can be either concrete or asphaltic concrete, with depth sufficient to accommodate heavy loads. Industrial park streets should be designed for local industrial traffic only; not as through streets.

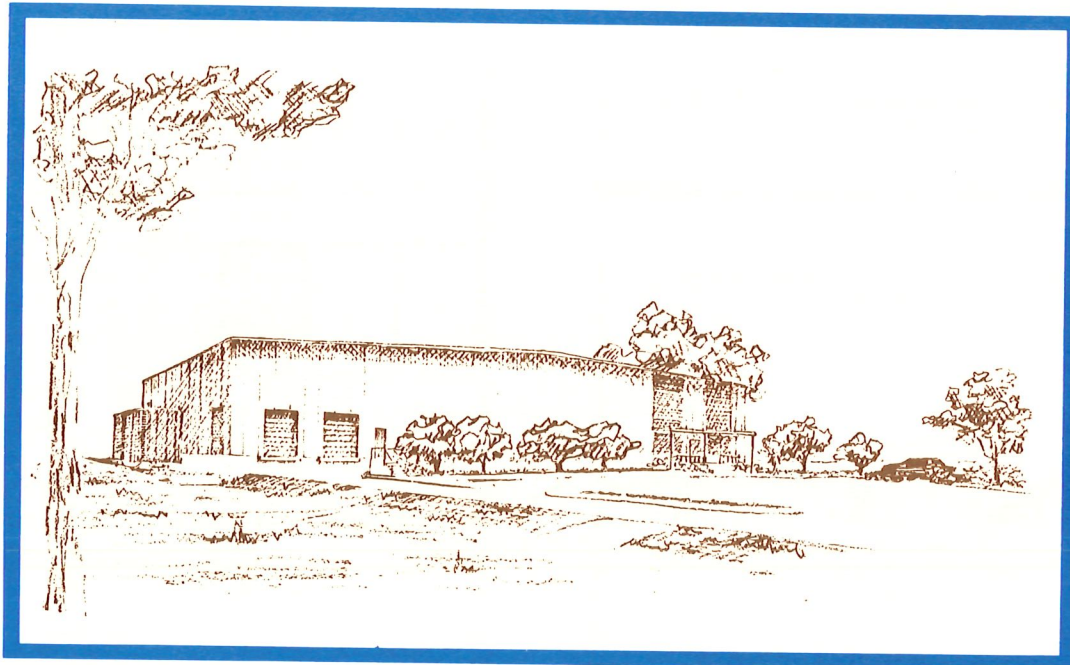
EASEMENTS: Whenever possible, utility easements should be maintained on rear lot lines. Utilities should precede streets to prevent cutting pavements after road installation.

WATER: Water line design will depend to a significant degree on local water systems. Generally, lines of less than 8 inches are unacceptable and all lines should be looped to maintain both pressure and supply should a break occur.

SANITARY SEWER: Maintain a gravity flow sewer system whenever possible. The size of lines will depend on the number of firms planned, the type of effluent, and the slope of the lines.

ELECTRICAL & NATURAL GAS SERVICE: Work with your respective utility companies to ensure minimum easements are maintained. Bury power lines whenever possible.

RAIL LEADS & SPURS: When possible, place rail leads at rear lot lines to avoid conflicts with vehicular traffic flow. Sufficient area must be maintained to accommodate railroad curves which generally require a 300-foot to 500-foot radius depending on locomotive size. A 3 percent grade is considered maximum.



AVAILABLE INDUSTRIAL BUILDING

OTTAWA, KANSAS

BUILDING SPECIFICATIONS

SIZE

125 x 160', 20,000 sq. ft.

CONSTRUCTION

Pre-engineering metal building
 FLOOR: concrete, allowed for 6" thickness
 CEILING: 24'
 INSULATION: fiberglass - 3" walls, 4" roof
 EXPANDABLE: to 90,000 sq. ft.

SITE

11.35 acres

PREVIOUS USE

none

TRANSPORTATION

HIGHWAY

U.S. 1-35 - 2 miles
 U.S. 59 - 1 mile

TRUCK LOADING

2 docks

RAILWAYS

Santa Fe Railway Co.

UTILITIES

WATER

Ottawa - 10" main

SEWER

Ottawa - 8" main

NATURAL GAS

Gas Service Co. - 4" main

FIRE RATING

Class 6



OTTAWA
 INDUSTRIAL
 DEVELOPMENT,
 INCORPORATED

OTTAWA INDUSTRIAL DEVELOPMENT, INC.

109 East Second
 Ottawa, Kansas 66067

913/242-1000

Incorporated Since 1946

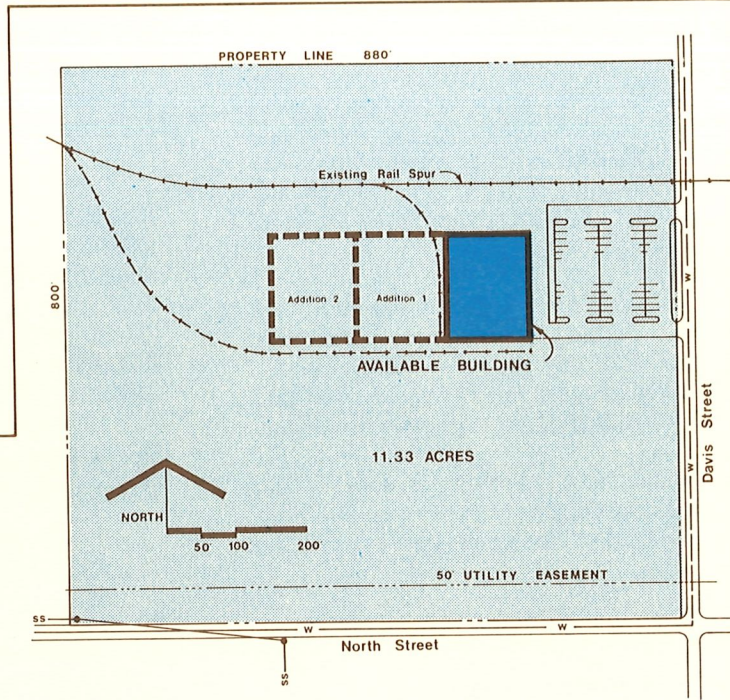
SAMPLE SPECULATIVE BUILDING BROCHURE

INDUSTRIAL PARK

Site Plan

Legend:

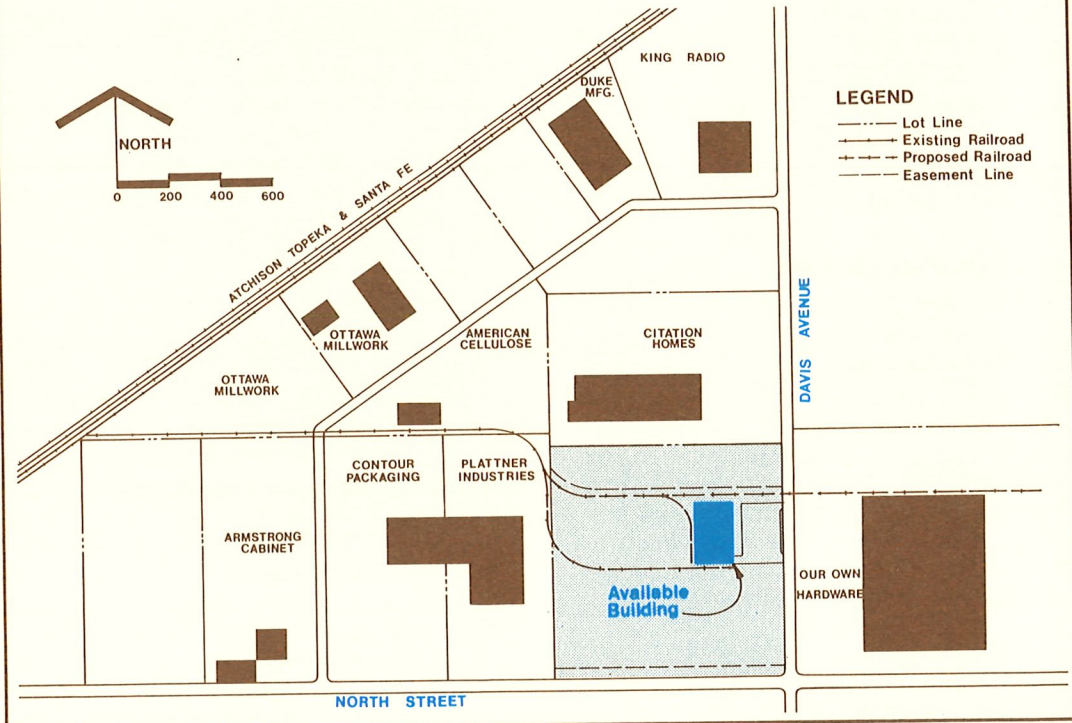
- LOT LINE
- ss--- EXISTING SEWER LINE
- ss--- PROPOSED SEWER LINE
- w--- EXISTING WATER LINE
- w--- PROPOSED WATER LINE
- MANHOLE
- EASEMENT LINE



OTTAWA INDUSTRIAL PARK

LEGEND

- Lot Line
- Existing Railroad
- Proposed Railroad
- Easement Line



I UNDERSTAND THE IMPORTANCE OF CONTROLLING LAND, BUT HOW IMPORTANT ARE SPECULATIVE BUILDINGS?

An available building can make the difference between consideration and elimination. Between 60 and 70 percent of the firms considering Kansas as a possible location are interested in existing buildings. They often end up constructing their own facility, but the existing building serves as the "bait" bringing them to your city.

If your community is considering the construction of a speculative building, be prepared to "sit" on the building for at least two years. They may stay vacant at least that long. The building should have at least 20,000 square feet and 40,000-50,000 square foot buildings are more often demanded.

The building should have at least 20-foot ceiling clearance at the sidewalls, be capable of expansion, and have the capacity for loading docks. Finally, be sure the building meets local building codes.

The "spec" building is sought often because it means faster start-up time, saves construction time, and reduces construction costs. If you decide to construct a "spec" building, contact KDED first.

Remember, the "spec" building will not take the place of shortages in good community facilities and services. Make sure you have all the basics in place before you consider a "spec" building.

PROSPECT LIST

IS EVERY FIRM A POTENTIAL PROSPECT?

"Targeting" industries will be among the more difficult of your tasks. You should begin by determining which industries would do best in your city and region. You can identify various products in your region for which there is a demand, but of which there is little production. For example, if there are a number of manufacturers in your area which produce products which must be shipped in paperboard boxes, a box factory may be a target for your community. At the same time, you should review the list of industries in the box manufacturing process. Many industries use the products of Kansas' agricultural industry in the manufacture of goods, and many of these industries are not located in the State of Kansas.

Once you have identified a group of industries which might profitably do business in your area, you should compare their production demands with your service capacities. (These capacities have already been identified.) One simple

method of comparison is to list each industry that you have found along one side of a sheet of paper. Then, across the top, list the general production demands (water, sewer, labor, labor skills, access to rail, etc.). Those industries for which you can supply the necessary services become the more attractive prospects.

You should also look at the so-called "growth" industries (drugs, plastics, electronics, specialized metal products, instruments, and specialized machinery). However, keep in mind that everyone is trying to attract these industries to their community. In general, your efforts should focus on industries that are geared to a central United States location, either due to a source of raw materials or proximity to markets.

WHAT DO WE DO WHEN WE ACTUALLY GET A PROSPECT TO COME TO OUR TOWN?

There are four cardinal rules when hosting a prospect:

- * Provide him what he wants.
- * Maintain his confidentiality.
- * Provide him with accurate information.
- * Do not waste his time.

On his first visit to your community, the meeting should be held in a comfortable, quiet place. At this time, not more than three or four people should meet with him to discuss your community and his needs. You might show him a slide presentation for general orientation, but it should be kept short and to the point. After your discussion, a tour of the community is called for. The tour should be mapped-out well in advance. Once again, the tour should be designed to familiarize the prospect with your city and potential industrial land. It, too, should be kept short.

Finally, the prospect may request to visit a local manufacturer or businessman. When possible, have a few selected and briefed in advance should this occur. You might even ask the prospect if he would desire such a visit in order that you can call ahead, before leaving on the tour. If such a visit is requested, offer to remain in the waiting room. The prospect may prefer it and have a better interview.

The next step may involve a request for more detailed information. This might include an up-to-date labor force survey as well as preliminary plans, specifications, and costs for building construction. If you can complete the following checklist before the prospect arrives, you will be relatively assured that you have done your homework and are prepared for his visit. If information is requested -- **RESPOND QUICKLY AND COMPLETELY**. Unanswered questions may eliminate you from consideration.

PROSPECT VISIT CHECKLIST

- _____ Check arrival and departure time.
- _____ Alert needed people.
- _____ Brief action team.
- _____ Prepare detailed schedule.
- _____ Arrange transportation.
- _____ Select meeting place.
- _____ Arrange for coffee, etc., at meeting place.
- _____ Arrange for meals.
- _____ Arrange for accommodations.
- _____ Plan tour route.
- _____ Prepare material for prospect.
 - _____ Cover letter.
 - _____ Detailed schedule.
 - _____ List of people and businesses he will meet (include phone numbers and addresses).
 - _____ Map with route.
 - _____ Facts Book/Profile.
 - _____ Site information.
 - _____ Available building information.

A word of caution is necessary at this point in your industrial development campaign. Many communities move forward very well to this point, only to fail in the preparation of the essential background material. Be sure to assign each task to an individual or group, and make sure they report back on progress at specific dates.

Chapter 3

PROSPECTING

8 Begin Prospecting

You have prepared your background materials, sharpened your presentation, and kept your community informed on progress. You have also carefully reviewed your regional economy, and you know the kinds of firms which should do well in your area. Now, it is time for you to aggressively begin to entice new industry to your city.

SHOULD I START BY TAKING OUT AN AD IN A MAJOR NATIONAL PUBLICATION?

Certainly advertising plays an important role in industrial development; however, advertising in major national magazines can be very costly. If you have the budget, media advertising should be considered, but a direct mail campaign and actual prospect visits should be considered first.

Should you establish an advertising budget, carefully evaluate who you are trying to reach. Remember, a “one-shot” ad will probably not do the trick. You should be prepared to run a series of advertisements. Also, be sure to select the right publications. The publication should be one of high caliber. Also, be sure to consider your reader. It might be wise for you to place your ad in a trade magazine rather than a national business publication. Above all, keep in mind that media advertising is expensive and, if your dollars are tight, other techniques might be a more effective use of your funds.

IF MEDIA ADVERTISING IS NOT THE BEST PROSPECTING TECHNIQUE, WHAT IS?

Three techniques to be considered before a media

budget is established: 1) direct mail, 2) telephone calls, and 3) personal visits. Even if you choose to advertise, these techniques will be needed as a follow-up to inquiries resulting from an advertisement. In terms of success, the following system has served many communities quite well:

- * Select a group of industries from your target industries list.
- * Send each a cover letter and a “mini-brochure” on why they should locate in your city.
- * Telephone for initial direct contact.
- * Send more detailed information.
- * Personally visit those prospects you think might be enticed to your city.

If a direct mail campaign is attempted, be sure it is a sustained effort. “One shot” mailouts are rarely successful. If you are considering a prospecting trip, you may want to first go on a trip with the Kansas Cavalry. (Contact KDED for more information on prospecting trips.)

As you develop your prospecting campaign, be sure to keep a detailed file on each prospect. Your file should be accessible and should contain copies of all correspondence as well as a record of telephone calls and visits. To quickly bring you up-to-date, should a prospect call unexpectedly, your file should begin with a short informational sheet.

WHAT ABOUT OUTSIDE SOURCES OF CONTACTS?

The major source of prospects will come from local efforts. None-the-less, a close working relationship should be maintained with the Kansas Department of Economic Development at all times. Many prospects have direct contact with KDED and make specific requests for information.

PROSPECT REPORT SHEET

Company _____ Date _____
Address _____ Contact _____
City _____ State _____ Zip _____ Title _____
Phone (____) _____ Source _____ Telex _____
Type of Business _____
Reason for expansion/relocation _____
Market Area _____

REQUIREMENTS: Location: Part of State _____ Town Size _____

Building: _____ Preferred _____ Will Build _____ Square Feet
_____ Required _____ Don't Know _____ Clear Ceiling Height at Eave _____

Other Building Specs: _____

Site: _____ Acres Rail required? _____ Yes _____ No _____

Other Site Requirements: _____

Employment: _____ Number at Start _____ M _____ F
_____ Number at Peak _____ M _____ F
Time from Start to Peak _____ Union _____
Skills _____
of Shifts _____

Utilities: Gas - Heating _____ MCF per _____
Process _____ MCF per _____

Electricity - Demand _____ KW
Consumption _____ kwh per _____
Load Factor _____ percent

Water - Domestic Use _____ gallons per _____
Process Use _____ gallons per _____

Environmental: Water/Sewer _____ Solid Waste _____
Air _____ Hazardous Waste _____

Transportation: Rail _____
Truck _____
Small Package Delivery _____
Air (Commercial/Private) _____
Air Freight _____
Barge _____

Support Services: _____
Time Schedule: _____
Other: _____

Action: _____

You should keep KDED well informed about your community assets as well as ask them for assistance in preparing your campaign.

There are also other development groups, agencies and individuals that you should regularly contact. Among these are:

- * The industrial department of the railroads serving your community.
- * The development departments of power companies serving your area -- both electric and natural gas.
- * Industrial realtors -- such as members of the Society of Industrial Realtors.
- * Local and correspondent banks -- both in your city and in neighboring major metropolitan areas.
- * Plant location representatives from firms which principally find locations for industries.
- * Local sales representatives. These people visit manufacturers regularly. Have them keep an eye out for growing businesses which might do well in your city.
- * Regional development organization.

Finally, trade shows represent an opportunity for you to contact many individuals with only one trip. You may want to consider placing a booth in a trade show where many of your targeted industries regularly visit.

Industrial prospecting is often a trial and error process; use whatever works best for you. Whatever system you develop, you must be careful at this point in the development process. Many communities lose interest at this point, usually for one of three reasons: 1) time passes and they see no results; 2) a prospect comes to town but does not select their city and, out of frustration, the effort is dropped; and 3) a plant is successfully landed and when all congratulations are over, the community forgets to continue its efforts.

Do not let this happen to you. Remember, it takes a long time, often several years, to go from the initial organization to having a prospect actually visit your city. Also, keep in mind that you will probably have more failures than successes. As you proceed through the industrial development process, remember to keep in mind that it is continuous. You must:

- * Continually assess each success and failure.
- * Continually update your data book.
- * Continually prospect for new industries.

- * Maintain community support.

Keep in mind, to be successful, you need a sustained, continual effort.

Chapter 4

WORKING WITH INDUSTRY

9 Working With New Industry

Once you are successful and have “landed” an industrial firm, your task is anything but complete. You must continue your prospecting efforts, but you must also assist your new corporate citizen become an accepted member of your community.

HOW CAN WE ASSIST NEW INDUSTRY ONCE THEY HAVE DECIDED TO LOCATE IN OUR TOWN?

You should begin by helping the manufacturers with local procedural problems; cut through the red tape. If a zoning change is necessary, help him with the necessary applications and, if needed, attend the Planning Commission meeting. You should also provide him with any other required permits, such as occupational licenses, building permits, and sign permits. Explain local procedures and fees for new businesses in your community. If your budget permits, you should assist the new industry by preparing a procedural guide, including the step-by-step process that must be followed from zoning permit through occupation permit. Remember, it is your job to help new industry in any reasonable way possible. Your new manufacturers may be your recommendation to the next prospect.

In addition to all the procedural assistance required to set up for actual operations, you should also help your new manufacturer get acquainted in your community. Introduce him to local bankers, take him to club meetings such as Rotary, Lions, Optimists (but, only as he desires), and help him become a member of your country club. Arrange for the proper news releases in area newspapers, officially welcoming

him to your city. In short, make sure he knows he is an important addition to your city.

10 Working W/Existing Industry

IF WE DO ALL THIS FOR NEW INDUSTRY, WON'T OUR EXISTING FIRMS GET UPSET?

Possibly, and justifiably so. Whatever else you do in establishing an industrial development program, be sure you are attentive to existing industry. Your existing firms have actively participated in the growth of your community. To neglect them while aggressively courting new industry could cause their next expansion to occur in a neighboring city. The greatest employment growth in any given year will come from the expansion of existing firms. Consequently, you should do everything you can to help your existing firms expand in your city. Four important points should be kept in mind:

- * The greatest majority of new manufacturing jobs will come from existing firms.
- * Assisting local businesses should be the number one priority in your industrial development program.
- * Your existing business program should serve to bond local companies with your city.
- * An existing business program is an important selling tool with which to attract new industry.

The following procedure should be of assistance to you when you establish your existing business program.

I. OPEN LINES OF COMMUNICATION

It is important that existing businesses know they have someone to contact if they are in need of local assistance. This is best done through personal contact.

II. DETERMINE THEIR NEEDS

Through an informal or formal survey, establish the needs of each individual firm. Areas which should be explored include:

- * Labor training programs
- * Facility expansions
- * Financing
- * Day care assistance for employees
- * Pollution control assistance
- * Improved utilities
- * Improved business climate

III. OFFICIAL RECOGNITION

Just as you have welcomed new industry to your city, you should continually recognize your existing businesses. Include:

- * An official thank you in newspaper
- * Recognition through a city resolution
- * Participation in Industry Appreciation Week
- * Luncheons

IV. REQUESTS FOR ASSISTANCE

Local plant managers can be a tremendous source of expertise and knowledge. They can be of assistance in solving community problems and, at the very least, should have the opportunity to express their opinions.

Further, local plant managers are often in contact with managers in related firms. Your plant managers can be a tremendous source of prospects.

V. MAINTAIN FILES

As with industrial prospects, you should maintain a file on each of your existing businesses. The file should be similar to your prospect file and the last date of contact should be noted on the front cover. Doing this will quickly tell you who you need to contact next. Regular calls should be made.

SUMMARY

Now that you have read through the manual, you should be more familiar with the industrial development process. Remember, industrial development at the community level is a process and as such is on-going. You should be continually reappraising your community and its ability to compete for new manufacturing activities. You should also be continually updating your information files and have them ready at a moments notice. Also, be sure you establish a formal industrial development organization which is recognized as such in your community. And finally, assign specific tasks to individuals and groups, and be sure they continually report on their progress. It is important that you:

- * Establish Goals
- * Set Completion Dates, and
- * Maintain Community Support

If you set yourself apart from other communities by continually and aggressively working toward the ultimate goal of increasing job opportunities in your city, your chances for success are greatly improved. There are many additional opportunities available for you to expand your knowledge of industrial development. For example, there are semi-annual meetings of the Kansas Industrial Developers Association. Also, the American Economic Development Council sponsors many Basic Economic Development courses as well as a three-year Economic Development Institute. KDED will provide community evaluations and workshops upon request. For more information contact the Kansas Department of Economic Development.

Finally, you should now have a somewhat different perspective on industrial development and your city's ability to establish a comprehensive industrial development program. At the outset of the manual, you completed a brief checklist to help you determine if you were prepared to proceed with a development campaign. Complete it again now and compare the two. You may find you are now better prepared to deal with the questions.

ASSISTING AGENCIES

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

Development Division
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603
(913) 296-3483

KANSAS CHAMBER OF COMMERCE & INDUSTRY

500 1st National Tower
1 Townsite Plaza
Topeka, Kansas 66603
(913) 357-6321

KANSAS DEVELOPMENT CREDIT CORPORATION

1st National Bank Tower, Suite 620
Topeka, Kansas
(913) 235-3437

KANSAS POWER & LIGHT COMPANY

Director of Industrial Development
818 Kansas Avenue
Topeka, Kansas 66603
(913) 296-6473

UNION GAS SYSTEM

Director, Area Development
122 W. Myrtle
P.O. Box 347
Independence, Kansas 67301
(316) 331-4500

KANSAS GAS & ELECTRIC COMPANY

201 N. Market Street
P.O. Box 208
Wichita, Kansas 67207
(316) 261-6592

ATCHISON, TOPEKA & SANTA FE RAILROAD

Manager, Industrial Development
P.O. Box 1738
Topeka, Kansas 66628
(913) 235-0041

BURLINGTON NORTHERN RAILROAD

Manager, Industrial Development
1405 Curtis Street, The Executive Tower
Denver, Colorado 80202
(303) 458-7200

UNION PACIFIC/MISSOURI PACIFIC RAILROAD

Manager, Industrial Development
2 Gateway Center
4th & State
Kansas City, Kansas 66101
(913) 621-0621

ST. LOUIS AND SOUTHWESTERN RAILWAY COMPANY

624 Scott Avenue
Kansas City, Kansas 66105
(913) 621-8701

GAS SERVICE COMPANY

Manager, Industrial Development
2460 Pershing Road
Kansas City, Missouri 64108
(816) 346-5680

KANSAS-NEBRASKA NATURAL GAS COMPANY

Manager, Public Affairs
P.O. Box 608
Hastings, Nebraska 68901
(402) 462-2141

NORTHERN NATURAL GAS COMPANY

Director, Area Development Department
2223 Dodge
Omaha, Nebraska 68102
(402) 633-4167

SMALL BUSINESS ADMINISTRATION

818 Grand
Kansas City, Missouri 64106
(816) 374-3319

110 E. Waterman
Wichita, Kansas 67202
(316) 267-6571

FARMERS HOME ADMINISTRATION

444 S.E. Quincy
Topeka, Kansas 66683
(913) 295-2870

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1103 Grand
Kansas City, Missouri 64106
(816) 374-6070

ASSISTING AGENCIES

KANSAS CITY POWER & LIGHT
Area Development Department
P.O. Box 679
Kansas City, Missouri 64141
(816) 556-2134

TRAVEL, TOURISM AND FILM SERVICES DIVISION

The following is a summary of services and publications available through the Travel & Tourism Division.

"E" "
Feb. 28, 1986
Economic Development

A. General tourism information and services

--Print tourism brochures as follows:

1. "Visitor's Guide:" A 66 page booklet highlighting Kansas communities, attractions, events, cuisine, historic trails and outdoor recreation areas including state parks, fishing lakes, canoe trails and golf courses.
2. "Children's Guide:" Educational piece containing historical facts, famous Kansans, trivia, regional geography, Kansas symbols and statistics.
3. "Fun Map/Schedule of Events:" 125+ fun things to see and do on a hand illustrated map of the state. On the reverse, calendar year 1986 statewide events as submitted by local Chambers of Commerce, Convention and Visitors Bureaus and tourism regions.
4. "Official Mementos of Kansas:" Order sheet for Kansas promotional items, e.g., posters, pins, patches, bags. Items are sold through mail order and at the Capitol and NEKs Tourist Information Centers.
5. "Kansas Stickers:" Bumper sticker and 4" decal of new 4-color logo of 125 and Coming Alive.

--Distribute brochures from Kansas communities and other state agencies. Other agency brochures include:

1. Highway Maps - Kansas Department of Transportation
2. Hunting & Fishing Guides - Kansas Fish & Game Commission
3. Kansas Facts, Capitol, sunflower and state flag postcards, state seal and Capitol Square Booklet - Secretary of State

--Provide miscellaneous tourism information such as:

1. Travel economic impact study for Kansas
2. Travel marketing study for Kansas
3. National travel data
4. Kansas highway traffic counts (minimal)
5. State park visitation (minimal)
6. Travel industry resources/references

Attachment F

- Supply Chambers of Commerce and Convention & Visitors Bureaus with brochures for distribution.
- Supply organizations brochures for use in convention/meeting packets.
- Public service campaign utilizing Kansas radio and TV stations and newspapers. Through a series of "Ah...Kansas" public service announcements on radio and TV utilizing John Moschitta, Dick Curtis in Fun Map spots and Marj Dusay and Bill Curtis in 125th Anniversary spots, Kansas is promoted to improve its image among residents.
- Loan a variety of promotional mediums to communities, groups and organizations for a minimal deposit. These include:
 1. Audio and/or tapes of public service announcements/jingle for tailored community promotions.
 2. "Ah! Kansas" display (8' x 10') for use at travel shows, conventions, etc.
- A 14½ minute film entitled "The Rainbow's End" is available for rent through the Kansas University Film Library.
- Sell Kansas "Mementos" at division office, Capitol and Kansas City Tourist Information Centers. Items are also sold at wholesale price only to the five Kansas tourism regions organizations and other KDED divisions for division business only.
- Provide attraction signage applications and guidelines for communities desiring such signs and those that have funds to construct and maintain signs.
- Co-sponsor with the Travel Industry Association of Kansas (TIAK) the annual Governor's Conference on Tourism. 1986 will mark the conference's 9th year.
- Host and co-host various educational seminars.

B. Tourist Information Center (TIC) Program.

1. Operate TIC's on a year round basis with paid staff. Existing TIC's are located 10 miles west of Goodland on I-70, at the Statehouse, 1st floor and west of Kansas City near the Bonner Springs exit on I-70. A fourth center is being built in south central Kansas on I-35 near South Haven. It is expected to be completed in 1986.
2. Subsidize TIC's at Liberal, Ft. Scott and Concordia.
3. TIC's serve as a distribution outlet for communities, attractions, events, regions, etc. that have brochures available.* In addition, TIC staff assists with providing information on mileage, weather, suggesting itineraries if requested and other assistance to travelers. Free Coca-cola and coffee are dispensed.*

* Not available at Capitol TIC.

4. Capitol TIC provides tours of the Statehouse and dome six days a week, the Judicial Center, Tuesday through Thursday by appointment and at Cedar Crest on Friday, 1-5 p.m.

C. Film Services program

1. Provide location scouting assistance to producers of feature and TV films, commercials, TV programs and documentaries.
2. Publishes the Kansas Film Directory which provides filmmakers with information on Kansas locations and services relating to production needs.
3. Maintains a file on Kansas communities for location and service reference.
4. Loan color slides and black and white photos of Kansas communities attractions, events and various other geographic areas which has been recognized.
5. Provide photography assistance to other Kansas Department of Economic Development Divisions, schedules allowing.

D. KANSAS! Magazine program

1. Publishes and markets KANSAS! Magazine which is a general interest publication on Kansas. There are four issues per year for a subscription price of \$6.00/1 year, \$11.00/2 years, or \$15.00/3 years.
2. Publishes and markets a children's magazine, KANSAS! TOO, which is written for elementary school reading level. The cost is \$2.50 per year for six issues.
3. Provides editing assistance to other KDED Divisions on news releases, reports, letters, etc., schedules allowing.



News

TRAVEL & TOURISM

February, 1986

KANSAS TRAVEL DATA

- Kansas, with a proposed budget of \$1,144,260 for FY '86 ranked 44th in the nation for funding for tourism promotion.
- U.S. travelers spent nearly \$1.5 billion in Kansas during 1983. Kansas ranked 33rd in the U.S. for domestic travel expenditures.
- Nearly 41,000 Kansans were employed by travel related industries in 1983, ranking it 2nd in total employment among private industries in Kansas.
- Travel generated employees earned \$319 million in salary and wage income in 1983.
- Traveler spending generated more than \$162 million in tax revenue for Kansas in 1983.
- Travel expenditures averaged \$13.9 million per county in Kansas, and every single county benefited from this spending.
- Sedgwick County, including the city of Wichita, received over \$504 million in travel spending during 1981, to lead all Kansas counties.

* Information Compiled from U.S. Travel Data Center, Washington, D.C.

Travel, Tourism, & Film Services Division
 Services & Publications Report
 FY '86

<u>1. General Promotional Publications/Promotional Items</u>	<u>Quantity</u>	<u>Unit Cost</u>
- Children's Guide	100,000 *	15.9¢
- Fun Map/Calendar of Events	200,000 *	34.8¢
- Visitors Guide (incorporates outdoor guide and highway map)	200,000 *	52.8¢
- Bumper Stickers	100,000 *	13.5¢
- Decals	100,000 *	7.5¢
- Memento Cards	50,000 *	2.1¢
- Plastic Bags	50,000 *	17.5¢
- Group Tour Guide (not reprinted this year)	-0-	-0-

* newly revised and printed

2. Tourist Information Center Visitor Registration

<u>TIC</u>	<u>One-Half FY 1985</u>	<u>One-half FY 1986 to date</u>	<u>% change 1/2 '85-1/2 '86</u>
Kansas City	29,906	45,507	+52%
Goodland	23,730	47,541	+100%
Capitol	19,609	21,207	+8%
Ft. Scott	4,097	3,902	(-5%)
Liberal	4,108	4,651	+13%
Concordia	N/A	447	N/A

3. Visitor Information Inquiries (Phone and Mail: 1/2 FY '86) Quantity

Advertising Response Requests	7,457
School Requests	2,292
General Visitor Information Requests	4,385
PSA-Fun Map	1,522



125 and coming alive!

JOHN CARLIN
Governor

CHARLES J. "Jamie" SCHWARTZ
Secretary

CATHY KRUZIC

Director of the Travel, Tourism & Film Services Division
Kansas Department of Economic Development

Cathy has been the KDED Director of the Travel, Tourism & Film Services Division since July, 1981.

Cathy is the recent recipient (September 19, 1985) of Travel Industry Association of America (TIA) State Travel Director of the Year Award-presented at the National Conference in New Orleans. This is an annual award and the recipient is selected by fellow state travel directors in the U.S. and the Islands.

She has been very active in various Kansas tourism programs over the past several years. She is a member of several national tourism organizations, including: National Council of State Travel Directors, (NCSTD); Travel Industry Association of America, (TIA); Ontario Motor-coach Association, (OMCA); American Bus Association, (ABA); National Tour Association, (NTA); and the U.S. Travel Data Center, (USTDC). In addition, she serves on the Board of Directors for TIA and is chairman of the TIA Frontier West Region and serves on the Executive Committee of NCSTD. Her most recent appointment was to the United States Travel and Tourism Administration (USTTA) Advisory Board.

Prior to her joining KDED, she was Director of the Hutchinson/Reno County Convention and Visitors Bureau with the Hutchinson Chamber of Commerce. She has also held positions as Coordinator of Public Information at Hutchinson Community College and public relations at a Hutchinson bank. She began her career as a teacher and taught in Melbourne, Australia, and Wichita.

Cathy is a graduate of Iowa State University and has completed several graduate courses at Kansas State University.

"F"
Feb. 28, 1988
Economic Dev. Comm.

- I. There is a growing recognition across the nation of the role of small business in job creation and innovation.
 - A. A quick look at some statistics will show why:
 - 1. In recent years small businesses have created jobs at twice the rate of large businesses. (11.4% vs. 5.3%/83-84)
 - 2. Small business has a greater inventive output per R and D dollar. Small companies produce half of all the major innovations and are 24 times more efficient than larger companies in producing innovations.
 - B. Kansas is a state of small businesses:
 - 1. 90% of our state's firms are small businesses
 - 2. 82% of our manufacturers employ 50 people or less
 - 3. 75% of our work force in Kansas is employed by small businesses.
 - C. It's easy to see why the Redwood/Krider report says that "economic growth in Kansas will come mainly through the growth of small business and the retention and expansion of existing industries."
 - D. The importance of a more focused effort to develop the small business resources of our state was recognized by the legislative and executive branches when they created the Small Business Division during the last legislative session.

II. The Current Functions of the Small Business Division

- A. One-stop permitting -- The division has responded to 440 requests for assistance since the beginning of the fiscal year.
- B. CDBG-ED technical assistance -- The Division has provided 36 local communities with in depth technical assistance in developing economic development grant projects.
- C. Advocacy and Program Development
 - 1. CDBG interim finance
 - 2. SBA secondary market concept (KIC bill)
- D. Building local small business assistance capacity
 - 1. Work to cover state with CDCs and provide them support
 - a. The Division is working with Douglas, Johnson, and Leavenworth Counties to establish county-wide CDCs.
 - b. The Division currently provides financial support to two CDCs (Nine County and Greater Southwest) in the form of \$40,000 matching grants.
 - 2. Work to strengthen the ties between SBDCs, CDCs and other groups providing assistance to small businesses
 - a. On February 26, the Division organized the first state wide meeting of the SBDCs and CDCs focussed on increasing the cooperation and coordination of small business assistance.
- E. Providing field offices
 - 1. Act as the liaison between local economic development efforts and KDED programs

Attachment G

- F. Marketing and education
 - 1. Lender Commitment Program
 - a. To date, a commitment of \$28.7 million has been received from a total of 28 banks in Kansas.
 - 2. Seminars
 - a. In association with the Lender Commitment Program, three seminars for bankers have been held across the State to provide information on business financing mechanisms available.
- G. Administer state IRB ceiling
 - 1. For calendar year 1985, IRBs totaling \$313,810,798 were issued from the state ceiling by 105 applicants.

II. Areas of Interest for the Future

- A. One-stop permitting
 - 1. Increase availability through a toll-free hotline
 - 2. Increase referrals to other small business assistance resources
- B. Further development of a coordinated small business assistance network the at local level
 - 1. Small businesses in all areas of the state should have ready access to a comprehensive array of:
 - a. Technical assistance in management concerns
 - b. Financial assistance for start-up and expansion
 - 2. The foundation of that network currently exist:
 - a. The CDCs offer financial assistance to small businesses
 - b. The SBDCs offer technical assistance
 - 3. There are gaps that exist in the network that the expansion of our field offices could fill:
 - a. Further coordination between the CDCs and SBDCs is necessary to insure that a business will receive the full array of technical and financial assistance
 - b. Direct assistance in financial packaging may be provided, and training of CDC staff may be necessary in areas of the state where CDCs do not currently exist or have not been very active.
 - 4. There is also the need for direct state funding of the CDCs if they are to remain viable and effective. The spector of federal funding cuts also necessitates consideration of state funding for SBDCs.
- C. The expansion of KDED field capabilities would make possible the implementation of a number of important recommendations in the Redwood/Krider report.
 - 1. Existing industry program
 - a. business needs survey
 - b. buyer/seller matching
 - 2. Substantially expanded technical assistance in the areas of:
 - a. incubator development
 - b. financing programs
 - c. exporting
- D. Finally the addition of new field offices would also make the array of KDED programs more accessible state-wide.

Biographical Sketch
Stephen E. Holsteen, Director
Division Small Business Development
503 Kansas Avenue
Topeka, KS. 66603
913-296-5298

- Current Position: Director of the Small Business Division of the Kansas Department of Economic Development. The Division provides technical assistance to small businesses and acts as liaison with local and regional organizations that provide small business assistance.
- Education: Bachelor of Arts, Major in Government Administration Ottawa University, Ottawa, Kansas, 1979. Graduated Summa Cum Laude, Dean's List all four years, full scholarship.
- Professional Experience: 1983-85: Chief Policy Analyst, Kansas Division of Budget. Directed the activities of the Policy Analysts of the Budget Division. Developed and coordinated a new inter-governmental liaison program for the state, including the retention of a Washington, D.C. liaison. Also managed all aspects of the Governor's activities as Chairman and Vice-Chairman of the National Governor's Association.
- 1980-83: Special Assistant for Legislative and Policy Matters, Kansas Governor's Office. Developed the Governor's legislative package and message and worked with the Division of Budget on the Governor's budget recommendations. Supervised the activities of the Governor's policy staff and legislative liaisons.
- 1979-1980: Aide for Legislative Matters, Kansas Governor's Office. Assisted in the development of the Governor's legislative and budget recommendations and drafting of the Governor's Legislative Message. Responsible for tracking of all legislation for the Governor's Office.
- Appointments: Chairman of the Staff Advisory Council for the National Governor's Association (NGA) Executive Committee, 1984-1985.
- Chairman of the Staff Advisory Council for the NGA Finance Committee, 1984.
- Member of Technical Assistance Team for Governor George Sinner's Transition, December, 1984.
- Participant in "Germany Today" Seminar in German/American Trade and Foreign Relations, conducted by the German Academic Exchange in Bonn and Berlin, Summer, 1984.
- Member of the Special Joint Legislative Task Force on School Finance, (Kansas Legislative Interim Committee), 1981.

KANSAS ECONOMIC PROGRESS

GUIDE TO STARTING A BUSINESS IN KANSAS

Kansas Department of Economic Development

PERMIT COMPLETION CHECK LIST

Check all forms that were provided in completing the One Stop Permit request.

- Application for Withholding Tax Registration Certificate
- Kansas Employer's Withholding Tax booklet
- Registration for Business Taxpayer Identification Number (Req)
- Application for Sales Tax Registration (SRL)
- Status Report to determine Unemployment Insurance Liability
- Employer's Quarterly Wage Report and Contribution Return
- Handbook for Employers
- Guide to Starting a Business in Kansas
- Professional or Technical Applications for Licensure or Certification
- Other (Specify)

GUIDE TO STARTING A BUSINESS
IN KANSAS

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603
913/296-3483

JULY, 1984
THIRD EDITION

Research and Preparation
by
Development Division
Economic Analysis Section

GUIDE TO STARTING A BUSINESS IN KANSAS

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PREFACE

This booklet is intended to serve as a guide to basic information for anyone interested in starting a business in Kansas. By no means is it intended to be the final statement on any of the subjects discussed, but only a starting point for further information. Compilation of the text information stems from the fact that much of the material and its arrangement within this booklet mirrors the nature of requests received by the Kansas Department of Economic Development.

Before engaging in any business venture it is advisable to seek legal counsel, help from a reliable accountant, or both. Either will provide advice as to the course one might take in establishing a new business. It is most important that correct organizational and accounting procedures be set up in order to avoid many pitfalls later.

The booklet is being published specifically for the individual unfamiliar with the requirements or contacts necessary to initiate a business operation in Kansas. Many of the functions of the Kansas Department of Economic Development center around this type of activity. Heretofore, there have been few publications within the state that addressed this situation.

Information for the booklet was gathered from state government sources. Refinement and editing of the text were undertaken by Ed Riemann with assistance from Terry Denker, both of the Economic Analysis Section. Users of the booklet are invited to offer their comments as to its usefulness.

LEGAL STRUCTURE FOR YOUR BUSINESS

Business structures permitted under Kansas Law include Sole Proprietorship, General Partnership, Limited Partnership, Business Trust, Professional Corporation, and Corporation.

Following are the registration requirements for the three most common forms of organization. Have your legal counsel explain the advantages and disadvantages of each.

- If the business is being organized in Kansas as a Proprietorship, there are no state registration requirements.
- There are no state registration requirements for a General Partnership, however, a Limited Partnership must be registered with the Secretary of State. The latter must meet the legal requirements outlined by the Uniform Limited Partnership Act and the laws adopted by the State.

A certificate must be filed for record in the Secretary of State's Office and a certified copy filed in the office of the Register of Deeds of the county where the partnership's principal place of business is located.

A Foreign Limited Partnership organized under the laws of any other jurisdiction shall not conduct business in the state until the appropriate application has been filed for authority to do business in Kansas as a Foreign Limited Partnership. Also, a copy of the certificate certified by the Secretary of State must be recorded in the office of the Register of Deeds of the county where the principal place of business is located.

- Organizing the business as a Corporation requires that the appropriate forms be filed with the Secretary of State's Office. Domestic Corporations are those organized under the laws of Kansas. Foreign Corporations are those organized under the laws of any jurisdiction other than the State of Kansas. Both must have authorization from the Secretary of State's office before engaging in business within the state.

For further information, contact:

Secretary of State
State Capitol Building
Second Floor
Topeka, KS 66612
913/296-2236

REGISTRATION OF SECURITIES

"Securities" are broadly defined by Kansas law to include not only the stocks and bonds listed for trading on the stock exchanges, but also many other forms of investment. Certain notes or evidences of indebtedness, debentures, preorganization certificates or subscriptions, thrift certificates, investment certificates and certificates of interest in oil and gas royalties and leases or mineral deeds are all securities.

Securities also include certain "investment contracts." These are profit-sharing arrangements or agreements by which investors pool their monies, or other assets, into a common enterprise. This pool is then managed or controlled by a promoter or a third party from whose efforts the investors have been led to expect a profit or return on their investment.

Businesses should be aware that any public or private offerings of stock should be filed with the Securities Commissioner.

Should questions arise concerning the registration status of any securities or concerning any persons selling securities in Kansas, contact:

Securities Commissioner
503 Kansas Ave., Suite 212
Topeka, KS 66603
(913) 296-3307

LICENSES TO OPERATE

Besides the possible registration requirements, depending upon the legal structure chosen, there may be federal, state, or local licensing requirements.

Information on federal licenses, permits, and applicable government agencies can be obtained from the U.S. Government Manual. See the Section entitled "Business Publications Available" for instructions on how to obtain this manual.

The 1984 Kansas Legislature established a "one-stop" clearinghouse for information in the Kansas Department of Economic Development by requiring all state agencies which license, regulate, or tax businesses to keep on file copies of all state applications and other forms necessary for establishing and operating a business in the state.

A list of state issued licenses, certificates, and permits is included in the appendix of this booklet. Contacts may be made directly with the state regulatory agency should technical questions or issues arise.

Local licensing information can be obtained from county and city health departments, city manager's, mayor's, and city and county clerk's offices.

FEDERAL AND STATE IDENTIFICATION NUMBERS

All newly established businesses or businesses new to the state should obtain the following identification numbers before beginning operations. The identification numbers are as follows:

Federal Tax Identification -- In virtually all cases, a federal tax number is necessary. Corporations and partnerships are required to have such a number, while a sole proprietorship would be required to have such a number if wages are paid to persons other than the owner. Contact the nearest Internal Revenue Service (I.R.S.) Office for the necessary application forms and for any questions which may arise on this matter.

Kansas Tax Identification -- In virtually all cases, a state tax number is necessary. Essentially, any business that has employees will need to withhold state income taxes, so that business will need to have a state tax identification number. Contact the Kansas Department of Revenue, Record Services Bureau, Registration Section for the necessary application forms and for any questions which may arise on this matter.

Kansas Sales Tax Identification -- Any businesses selling retail goods and/or services within the state will need to collect sales taxes. A state sales tax identification number is required. Contact the Division of Taxation, Kansas Department of Revenue for the necessary application forms and for any questions which may arise on this matter.

Kansas Unemployment Insurance Taxes (Contributions) -- Any business employing individuals and falling under the Kansas Employment Security Law must pay this tax. Employees are required to notify the nearest Unemployment Insurance Tax Service Field Office (see the section on Employee and Employment Standards in this brochure for locations) or the Contributions Branch of the Division of Employment, Kansas Department of Human Resources within 15 days of the date wages were first paid for employment. These offices can establish an employer account number and answer any questions which may arise on this matter.

Kansas Worker's Compensation Insurance -- Any business employing individuals and falling within the covered categories must register with Worker's Compensation Director, Kansas Department of Human Resources. (See the sections on Employee and Employment Standards and Tax Structure of Kansas for more detail.)

BUSINESS ASSISTANCE

The U.S. Small Business Administration has established a statewide network of small business development centers (SBDC's). The SBDC's work in all facets of small business management emphasizing individual consultation and practical skills workshops.

The SBDC's draw from resources of local, state, and federal government programs, the private sector, and university facilities to provide managerial and technical help, research studies, and other types of specialized assistance of value to small business. The SBDC's serve in an outreach capacity, providing in-depth counseling, feasibility studies, inventory control consultation, and other assistance attuned to their immediate region.

Assistance is available for those entering business, expanding a business, or operating a business. Contact the nearest SBDC for additional information.

College of Business Administration
Department of Management
Calvin Hall
Kansas State University
Manhattan, KS 66506
913/532-5529

School of Business
University of Kansas
Lawrence, KS 66045
913/864-3117

Business and Economics Division
Johnson County Community College
College Blvd. at Quivira Rd.
Overland Park, KS 66210
913/888-8500

School of Business
Emporia State University
Emporia, KS 66801
316/343-1200

School of Business
Fort Hays State University
Hays, KS 67601
913/628-5339

Gladys A. Kelce School of
Business and Economics
Pittsburg State University
Pittsburg, KS 66762
316/231-7000

School of Business
Washburn University of Topeka
Topeka, KS 66621
913/295-6307 or
295-6305

Kansas Small Business
Development Center
Wichita State University
Wichita, KS 67208
316/689-3193



FINANCIAL ASSISTANCE

INDUSTRIAL REVENUE BONDS (IRB's)

Tax-Exempt Bonds are one of the most economical methods of financing available for credit-worthy companies planning to construct and equip new facilities, or expand, reequip or remodel existing facilities. Economic Development Bonds, generally referred to as Industrial Revenue Bonds (IRB's), are securities issued by cities or counties for the purposes of purchasing land, constructing buildings thereon, and equipping same or purchasing existing facilities, for lease and eventual sale to responsible companies. In many cases, the bonds can provide funds for up to 100 percent financing of the cost of the land, buildings, and equipment as well as other developmental and financing costs including, but not limited to, engineering, architectural, legal, and underwriting expenses related to a project.

Such bonds represent a low cost method of financing job development by cities or counties. From the company's point of view, the financing can be completed without affecting the market for traditional corporate borrowings by the company. In addition, Kansas law extends to users of economic development bond financing an exemption from ad valorem taxation, on all property purchased with proceeds from such bonds, for a period of ten calendar years commencing the year after said bonds are issued. However, in some cases cities or counties may require bond users to make payments in lieu of taxes.

The cost of the building and all items of fixed equipment which are a part thereof (heating, air conditioning, etc.) are entitled to exemption from Kansas Sales Tax at the time of initial purchase. This exemption does not extend to items of machinery and equipment which can be removed. For more information and a copy of the statute, contact the Kansas Department of Economic Development (913-296-3483).

KANSAS DEVELOPMENT CREDIT CORPORATION

The Kansas Development Credit Corporation (KDCC) was created in 1965 to meet the long and short term financial needs of Kansas business and industry. It supplements existing sources of credit to foster new or expanding business and industry, thus meeting the financial requirements of a growing Kansas economy.

The KDCC operates by borrowing money from more than 400 member Kansas banks. Loans from these funds may range up to \$250,000 and can be made to companies which could not secure financial assistance from conventional lenders.

Under the "Kansas Funds Promote Kansas Jobs" program, KDCC can purchase the Small Business Administration (SBA) guaranteed portion of new loans or those already held by Kansas banks. More than \$25 million has been purchased by KDCC through this program.

With this loan program, the potential of Kansas capital investment is increased by investing pension funds in the state's economy; by increasing the lending power of Kansas banks through the release of their funds committed to SBA guaranteed loans; and by allowing Kansas banks to make new SBA guaranteed loans which would not normally be made.

Through this program, KDCC serves manufacturers and processors as well as firms in retail, wholesale, and services.

Locally, information can be obtained by contacting almost any banker since most Kansas banks are members of KDCC. Also, information can be obtained by contacting:

George Doak, President
Kansas Development Credit Corporation, Inc.
First National Bank Towers, Suite 1030
Topeka, KS 66603
913/235-3437

KANSAS VENTURE CAPITAL, INC.

The Kansas banking community and KDCC have formed Kansas Venture Capital, Inc., a Business Investment Company (SBIC). An SBIC is a privately owned, for-profit financing device for providing debt/equity capital to small businesses. An SBIC is licensed and regulated by the Small Business Administration.

Kansas Venture Capital, owned 51% by KDCC and 49% by Kansas banks, may loan up to \$200,000 to any company that meets SBA requirements of a small business. Funds can be used for such needs as working capital, purchase of equipment, debt restructuring, business expansion, and acquisition of shareholder or partner interest.

Information about Kansas Venture Capital, Inc. can be obtained from almost any local bank or directly through the Kansas Development Credit Corporation in Topeka.

SMALL BUSINESS ADMINISTRATION (SBA)

The fundamental purposes of the U.S. Small Business Administration (SBA) are "to assist, counsel, and champion the millions of American Small Businesses which are the backbone of this country's competitive free-enterprise economy."

The mission of SBA, simply put, is to help people get into business and to stay in business. To be eligible for SBA loans and other assistance, a business must meet a size standard set by SBA. Generally, a small business is defined as one which is independently owned and operated and is not dominant in its field. Specific size standard information is available through any SBA office around the country.

The SBA provides assistance in the following principle program areas:

1. Financial Assistance
2. Procurement Assistance
3. Management Assistance
4. Minority-Owned Small Business
5. Helping Women Get Into Business
6. Assistance to Veterans
7. Innovation and Research

A brief description of these program areas follows:

Financial Assistance

Regular Business Loans - SBA offers a variety of loan programs to eligible small business concerns which cannot borrow on reasonable terms from conventional lenders without government help.

Business loan proceeds can be used for working capital, purchase of inventory, equipment and supplies, or for building construction and expansion.

SBA offers two basic types of business loans:

1. Loans made by private lenders, usually banks, and guaranteed by SBA. SBA "bank guaranteed loans" are tied to funds appropriated by Congress. Guaranteed loans carry a maximum of \$500,000 and SBA guarantees of the loan run as high as 90 percent. Maturity may be up to 25 years. The average size of a guaranteed business loan is \$155,000 and the average maturity is about eight years.

2. Loans made directly by the Agency. Monies for "direct" loans also come from funds appropriated specifically by Congress for this purpose. A few business loans are made directly by SBA, up to an administrative maximum of \$150,000. SBA, under law, cannot consider making a direct loan unless a private lender (usually a bank) refuses to make a loan itself or take part in an SBA guaranteed loan. Funds authorized for direct loans are invariably limited, and demand usually exceeds supply.

Special Loan Programs - In the general area of financial assistance, SBA also offers a variety of special loan programs:

- Local Development Company Loans
- Small General Contractor Loans
- Seasonal Line of Credit Guarantees
- Energy Loans
- Handicapped Assistance Loans
- Disaster Assistance
- Physical Damage Natural Disaster Recovery Loans
- Economic Injury Natural Disaster Loans
- Pollution Control Financing
- Surety Bonds

Procurement Assistance

Each year, the federal government contracts with private companies for billions of dollars in goods and services. SBA helps small businesses obtain a fair share of this government business, as required by law.

In helping implement that law, SBA:

- helps federal agencies to direct government subcontracts to small businesses;
- helps private contractors to direct federal subcontracts to small businesses;
- refers qualified small businesses to federal prime contractors;
- monitors the granting of federal contracts to small firms by federal agencies.

Federal Procurement Specialists in SBA offices throughout the country counsel small businesses on how to prepare bids and obtain prime contracts and subcontracts, direct them to government agencies that buy the products or services the small firms supply, help them get their names placed on bidders' lists, and assist in obtaining drawings and specifications for proposed purchases. The SBA procurement experts also offer many related services, including supplying leads on research and development projects, new technology, and assistance in technology transfer.

Management Assistance

Statistics show that most small business failures are due to poor management. For this reason, SBA places special emphasis on improving the management ability of small business owners and managers.

The Agency's Management Assistance program is extensive and diversified. It includes free individual counseling, courses, conferences, workshops, problem clinics, and a wide range of publications.

The following is a brief summary of what these programs include:

SCORE and ACE
Small Business Institutes (SBI's)
Small Business Development Centers (SBDC's)
Business management courses
International trade counseling and training
Management, marketing, and technical publications

Minority Owned Small Business

Americans who are members of minority groups, such as Blacks, Native Americans, and Hispanics, long have had difficulty entering the nation's economic mainstream. Members of minority groups, of course, are eligible for all SBA programs. But SBA offers special programs to assist members of minority groups who want to start small businesses or expand existing ones. In this effort, SBA has combined its own program with those of private industry, banks, local communities and other federal agencies.

Helping Women Get Into Business

Women, of course, are eligible for all SBA loan and assistance programs and counseling services. But helping women become successful entrepreneurs is a special major goal of SBA. Women make up more than half of America's population, but they own less than a fourth of its businesses.

A woman-owned business is defined as a "business that is at least 51 percent owned by a woman or women who also control and operate it."

Assistance to Veterans

SBA makes special efforts to help veterans get into business or expand existing veteran-owned small firms. The Agency, acting on its own or with the help of veterans organizations, sponsors special business training workshops for veterans. Each SBA office has a veterans affairs specialist, to help give veterans special consideration with loans, training and/or procurement.

Innovation and Research

The Small Business Innovation Development Act, orders federal agencies to direct more research and development opportunities to small, hi-tech firms -- the type of company which is responsible for most new products and innovations in the country.

Under the Act, federal agencies with substantial R & D budgets must direct at least a certain percentage of R & D contracts to small firms. SBA maintains a master list of firms interested in the program and notifies them of solicitations by participating agencies.

Assistance in any of the above program areas can be obtained by contacting the nearest SBA District Office. The Kansas City District Office serves the eastern one-third of Kansas counties while the Wichita District Office is responsible for counties in the western two-thirds of Kansas. Addresses for the SBA District offices serving Kansas are:

U.S. Small Business Administration
Kansas City District Office
818 Grand Avenue *
Kansas City, MO 64106
816/374-5868

U.S. Small Business Administration
Wichita District Office
110 East Waterman St.
Wichita, KS 67202
316/269-6566

*Note: After October 1, 1984, the KC District Office will be located at 1103 Grand Ave., Kansas City, MO 64106

"503" CERTIFIED DEVELOPMENT COMPANY

The function of the Certified Development Company is to promote and to assist the growth and development of small business concerns.

The Certified Development Company Loan Program was created in 1980 when Congress amended the Small Business Investment Act of 1958. The Small Business Administration (SBA) helps the Certified Development Company to become organized and to offer business loans to small business concerns. These SBA loans, known as 503 loans, are available only for fixed asset purchases, such as land, buildings and equipment.

The Certified Development Company Program offers subordinated mortgage financing to healthy and expanding eligible small commercial and industrial business concerns. Financing can be up to \$500,000 of eligible project costs; however, the 503 portion cannot exceed 40% of the project cost. Users of the 503 program benefit from 503 financing because they are able to keep their working capital invested in profit-making receivables and inventory.

For additional information and financial assistance contact the nearest Certified Development Company. The locations are as follows:

Big Lakes (5 counties)
1006 Poyntz Ave.
Manhattan, KS 66502
913/776-4859

MO-KAN Development, Inc. (6 counties)
1302 Faron St.
St. Joseph, MO 64501
816/233-8485

Douglas County (1 county)
823 Vermont
P. O. Box 581
Lawrence, KS 66044
913/843-4411

McPherson County Small Business
Development Assoc. (1 county)
101 S. Main McPherson
McPherson, KS 67460
316/241-0431

Four Rivers (9 counties)
Municipal Building
Beloit, KS 67420
913/738-2210

Nine County (9 counties)
407 S. Main St.
P. O. Box 8776
Pratt, KS 67124
316/672-9421

Greater Southwest Kansas (19 counties)
1111 Kansas Plaza
Garden City, KS 67846
316/275-9176

Pioneer Country (18 counties)
414 North West St
P. O. Box 248
Hill City, KS 67642
913/674-5851

Lenexa (city-wide)
Lenexa State Bank Bldg.
12345 W. 95th, Suite 309
P. O. Box 14244
Lenexa, KS 66215
913/888-1826

South Central Kansas (14 counties)
Economic Devel. District
Sutton Place, Suite 102
209 E. William St.
Wichita, KS 67202
316/262-5246

Kansas City Kansas Dept.
Dept. of Economic Dev. (1 county)
Municipal Office Bldg.
One Civic Plaza
Kansas City, KS 66101
913/573-5000

Topeka/Shawnee County (1 county)
820 Quincy, Suite 501
Topeka, KS 66612
913/234-0076

Mid-America, Inc. (10 counties)
1715 Corning
Parsons, KS 67357
316/421-6350

Wichita Area Devel. (city-wide)
350 W. Douglas
Wichita, KS 67202
316/265-7771

FARMERS HOME ADMINISTRATION (FmHA)

The Farmers Home Administration (FmHA), through its Business and Industrial Loan Program, guarantees loans to businesses and industries to benefit rural areas. The program is administered under the Consolidated Farm and Rural Development Act.

A primary purpose of the program is to create and maintain employment and improve the economic and environmental climate in rural communities. It is different from other FmHA loan programs in that there is no "credit elsewhere" requirement. The purpose is achieved through bolstering the existing credit structure of lenders who play a key role in the program by making and servicing loans. FmHA may guarantee no more than 90 percent of the loss of principal and interest on a loan.

Local lenders serving rural areas can often make loans greater than their lending limit by use of the FmHA guarantee. FmHA ordinarily requires a local lender to be the lead lender - the one who initiates the loan application and is responsible for servicing the loan. A local lender is one in or near the community where the project is or will be located, and who routinely provides credit to that community.

Most lenders are eligible. They include national and state banks, Federal Land Banks for Cooperatives, and savings and loan associations. Other lenders, such as insurance companies, credit unions, and mortgage companies, are eligible if approved by FmHA.

FmHA may guarantee loans for:

- Business and industrial acquisitions
- Construction, conversion, enlargement, repair, modernization.
- Purchase of land, machinery and equipment, furniture and fixtures.
- Certain housing development sites.
- Processing and marketing facilities.
- Start-up and working capital.
- Pollution control.

Loans: The Farmers Home Administration has set up a program of loans to further business and industrial development and to establish business enterprises in rural areas or cities up to 50,000 population.

The agency is authorized to provide credit through two channels: (1) For private organizations or individuals, FmHA can guarantee loans by private lenders. The applicant should apply for the loan through a private lender. The agency contracts to reimburse the lender for a percentage of any loss sustained on such loans. Lenders are responsible for making and servicing the loans. (2) For public bodies, FmHA can make and service the loan. These applicants apply directly to FmHA. The agency does not make loans in competition with regular, commercial lenders.

Any legal entity, including individuals, public and private organizations, and federally recognized Indian tribal groups may borrow from FmHA.

Loan funds may be used to develop or finance business or industry, increase employment, and control or abate pollution. Maturity will not exceed thirty years for land, buildings, and permanent fixtures, fifteen years for machinery or equipment, and seven years for working capital. Interest rates will vary.

The agency makes every effort to process loan applications as quickly as possible, but depending upon the complexity of the application package, the process can require up to ninety (90) days for approval. Maximum loan guarantees cannot exceed ninety percent (90%) of the loan amount, but the agency prefers to guarantee amounts less than the maximum (90%). A fee is charged for the loan guarantee (1% x guarantee amount x principal amount).

Information can be obtained by contacting the Farmers Home Administration Office serving the specific county. Additional information can be obtained by contacting:

Farmers Home Administration
U. S. Department of Agriculture
Community and Business Programs
Federal Building - First Floor
444 S. E. Quincy
Topeka, KS 66683
913/295-2870

ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)

The Public Works and Economic Development Act of 1965 authorized the formation of Redevelopment Areas and Economic Development Districts to help solve the job and income problems in areas of high unemployment or low family income.

Business Development Assistance is available, but it centers around a business being able to meet certain criteria. Points which must be considered for determining eligibility include:

Eligibility of Area: Business development assistance is limited to operations in designated areas or development districts.

Designated (Redevelopment) Areas are counties, labor areas, and cities, where employment or family income figures reveal conditions of economic distress. Areas experiencing or about to experience a sudden rise in unemployment due to the closing of a major employer may also be eligible.

There are sixteen (16) designated areas in Kansas: The counties of Atchison, Butler, Cherokee, Crawford, Graham, Kearny, Labette, Lincoln, Montgomery, Phillips, Sedgwick, Sumner, Washington, Wyandotte, and the Kickapoo Indian Reservation in Brown County; and a "qualified" county but not "designated" by EDA: Coffey. In addition, part of Kansas City, Kansas is designated as a "special impact area".

Economic Development Districts are multicounty districts containing at least one designated (redevelopment) county. The district must be of sufficient size and economic interdependence to plan and undertake overall economic development programs that are beyond the capacity of individual redevelopment areas.

There are five economic development districts in Kansas: Northwest Region, North Central Region, South Central Region, Southeast Region, and the Southwest Region.

Business Development Assistance: EDA offers financial assistance for business development projects through the following:

- direct loans or purchase of evidences of indebtedness to finance the cost of fixed assets.
- direct loans to provide working capital
- guarantee of loans to borrowers by lending institutions to finance the cost of fixed assets
- guarantee of loans to borrowers by lending institutions to provide working capital
- guarantee of rental repayments of leases from qualified lessors for fixed assets: buildings (including the underlying land) and equipment.

Applications for EDA business development assistance are normally the operators of industrial and/or commercial facilities located, or to be located, in EDA eligible areas. When guaranteed loans or leases are involved, the lender or lessor must join in the application. In appropriate circumstances, any of the following would be eligible to become an applicant:

- a business enterprise, including sole proprietorship, partnership, or corporation
- a nonprofit organization or association
- a state, or political subdivision thereof, including municipalities and all agencies, instrumentalities, and quasi-public corporations or authorities created by a state or political subdivision thereof
- Indian tribes
- private lending institutions, including, but not limited to, banks, savings and loan associations, insurance companies, factoring companies, investment bankers, and venture capital investment companies.

EDA business development assistance is offered for the purpose of upgrading an area economically -- primarily through creation of permanent jobs and higher incomes for local residents.

New businesses or business expansions must be located in EDA redevelopment areas, or in economic development district growth centers or other areas of such districts where the financial assistance provided will be of substantial direct benefit to the residents of a redevelopment area within such district.

For more information on Business Assistance, Contact:

Business Development Division
Economic Development Administration
Denver Regional Office
Fremont Center, Suite 300
333 W. Colfax
Denver, Colorado 80204
303/844-4403

TAX STRUCTURE OF KANSAS

This summary is designed to acquaint taxpayers with some major provisions of Kansas tax law. It is not intended as a substitute for the law itself, but merely to provide a basic outline of Kansas tax structure.

Unless otherwise noted, all taxes are administered by the Director of Taxation. Inquiries should be directed to: Division of Taxation, Kansas Department of Revenue, State Office Building, Topeka, KS 66625, 913/296-3044.

AD VALOREM TAX ON PERSONAL PROPERTY

Anyone owning property, whether as an individual, corporation, or merchant, must file a commercial Personal Property Statement with their County Assessor. The County Assessor's office is usually located in the courthouse of each county. These statements are mailed out in January or may be obtained at the County Assessors Office.

CORPORATE INCOME TAX

Administration and Collection: Department of Revenue, Division of Taxation.

Basis and Rate: The annual tax is $4\frac{1}{2}\%$ normal tax and $2\frac{1}{4}\%$ surtax on income in excess of \$25,000.00 of the net income earned in Kansas.

For a corporation having facilities both inside and outside the State of Kansas, the net income attributed to Kansas operations is a proportion based upon the amount of the corporation's business that is located in Kansas. This is based upon the method commonly referred to as the "three-factor formula" of the proportion of sales, property, and dollar payroll attributed to the Kansas facility.

Credit Against Corporate Income Tax:

The Job Expansion and Investment Act of 1976 allows an income tax credit for a period of ten years against the income generated by the operation of a new business facility. The credit is recomputed each year during the ten year period to reflect changes in the number of jobs and amount of investment. A credit of \$100 for each new job and \$100 for each \$100,000 of capital investment is allowed up to 50% of the total state income tax liability.

Credit Against Corporate Income Tax:

The Kansas Enterprise Zone Act allows an income tax credit for a period of ten years against the income generated by the operation of a new business facility within an enterprise zone. The credit is recomputed each year during the ten year period to reflect changes in the number of jobs and amount of investment. A credit of \$350 is available for each new job created for an employee. A credit of \$500 is given for each new job created for an employee that qualifies the employer for the Federal Targeted Jobs Tax Credit. In addition, a credit of \$350 for each \$100,000 of capital investment (or major fraction thereof) is to be allowed. The total credit allowed shall not exceed 50% of the total state income tax liability.

Credit Against Corporate Income Tax:

Renovation of Buildings and Facilities For Accessibility To Handicapped Persons provides an income tax credit in an amount equal to 25% of such expenditures or an amount of \$10,000, whichever is less.

Credit Against Corporate Income Tax

Installation of a solar energy system, prior to January 1, 1986, upon real property used in a trade or business or held for the production of income allows a tax credit of 30% of the cost of such system, or \$4,500, or an amount equal to the taxpayer's liability, whichever is less.

FRANCHISE (CORPORATION) TAX

Administration and Collection: Secretary of State.

Collection Period: Annual; domestic corporations pay at time of filing annual report (by March 31); foreign corporations pay upon being billed, such billing based on annual report which also must be filed by March 31.

Basis or Measure of Tax: Shareholder's equity attributable to Kansas.

Present Rates: The current tax rate, adopted in 1972, is \$1 per \$1,000 of corporation's shareholder's equity attributable to Kansas, with a minimum tax of \$20 and a maximum of \$2,500. Shareholder's equity equals the sum of (1) paid in capital stock less treasury stock; (2) capital paid in, in excess of par; and (3) retained earnings.

To compute that portion of the shareholder's equity attributable to Kansas, the Three Factor Formula should be used. The Three Factor Formula is an adoption of the Uniform Division of Income Tax for Tax Purposes Act.

EXAMPLE TAX COMPUTATION: Domestic or foreign corporation operating entirely in Kansas:

Total Shareholder's Equity	\$2,000,000
Percent of Property	100%
Percent of Payroll	100%
Percent of Sales	100%
	<hr/>
Total Percent	300%
Average Percent	100%
Shareholder's Equity Attributable to Kansas (\$2,000,000 x 100%)	\$2,000,000
Tax Due (\$2,000,000 x .001)	\$2,000

EXAMPLE TAX COMPUTATION: Domestic or foreign corporation with sales, payroll and property both inside and outside of Kansas:

Total Shareholder's Equity	\$2,000,000
Percent of Property	10%
Percent of Payroll	25%
Percent of Sales	40%
	<hr/>
Total Percent	75%
Average Percent	25%
Shareholder's Equity Attributable to Kansas (\$2,000,000 x 25%)	\$ 400,000
Tax Due (400,000 x .001)	\$400

INDIVIDUAL INCOME TAX

Administration and Collection: Department of Revenue, Division of Taxation.

Basis and Rate: The annual tax rate ranges from 2% to 9% on the net income for individuals. Net income is after itemized deductions or the standard deduction accrued federal income tax and personal exemption.

The deduction of federal income tax liability is limited to a maximum of \$10,000 on a joint return (\$5,000 for a single taxpayer) or 50 percent of the federal tax liability, whichever is greater. This provision is scheduled to expire January 1, 1985.

Special Note: Individuals filing income tax statements for either the proprietorship or the partnership form of business should be aware of the various credits available against the state income tax. A brief description is provided under Corporate Income Tax within this section and again in the section entitled, "Tax Credits and Exemptions."

INHERITANCE TAX

Administration and Collection: Department of Revenue, Division of Taxation; Probate Courts; County Treasurers (collection).

Collection: Inheritance taxes are required to be paid at the expiration of 9 months after the death of the decedent. If legacies or shares are paid within this nine month period, the taxes thereon are payable at the same time.

Disposition of Revenue: 95% to state general fund, 5% to the inheritance tax fund of the county where the tax is collected.

LOCAL INTANGIBLE EARNINGS TAX

Administration and Collection: Department of Revenue; Division of Taxation, earnings certified to county clerk who computes tax and certifies amount due to county treasurer; Division of Property Valuation (public utilities); county appraiser (finance companies).

Collection Period: Tax due at the same time required of the tangible property tax payment, i.e., November 1, one-half payable no later than December 20 and the other half by the following June 20.

Individuals and certain corporations must file intangibles returns with the state income tax return by April 15.

The Department of Revenue assesses the intangibles of public service companies whose tangible properties are assessed by the Division of Property Valuation. The county assesses finance companies.

Tax Base: Income from money, notes, and other evidence of debt owned during preceeding year, except property exempt by federal or state law, such as federal obligations and state and local bonds. Finance companies are taxed at the rate of 5 mills on the value of their shares of stock or average capital employed in business, less certain deductions.

Present Rates: Cities and townships may impose the tax at any rate up to 2.25%, and counties may impose the tax at any rate up to 0.75%, in increments of 1/8 of 1 percentage point. Elderly and disabled are entitled to an exemption of earnings from intangibles. The tax is cancelled if the tax due is less than \$5.00

Extent of Use: In calendar year 1984 (for earnings in 1983), 243 cities, 724 townships, and 45 counties will impose the tax, but over 50% of the state's population will have a zero tax rate.

LOCAL (TANGIBLE) PROPERTY TAXES

Administration and Collection: County Clerks or Assessors, County Boards of Equalization, and County Treasurers (collection): Department of Revenue, Division of Property Valuation; State Board of Tax Appeals.

Collection Period: Due November 1, one-half payable no later than December 20 and the other half by the following June 20.

Basis or Measure of Tax: Assessed valuation of taxable real and tangible personal property in each county (and taxing districts therein). A law enacted in 1963 requires that all real estate and tangible personal property shall be assessed at 30% of fair market value in money. The constitution requires a uniform and equal rate of assessment and taxation, except that motor vehicles and mineral products and intangibles may be separately classified and taxed. The assessment of the property is done at the county level with state assistance.

As stated, real property is also required to be assessed at 30% fair market value. However, in actuality, the ratio of sales price to assessment value of real property in Kansas deviates from the statutory 30%.

Exemptions: All property financed with tax-exempt revenue bonds (land, building, and equipment) are exempt from property taxation for a period of ten years. However, some cities and counties may require an "in lieu of" payment for police and fire protection. An eight-year exemption for certain grain storage and drying equipment is also in effect.

Aircraft used for business purposes are exempt from property tax.

Kansas' Freeport Law exempts from taxation all personal property moving through the state or consigned to a bonded and licensed warehouse in the state from a point outside which is in transit to a final destination outside the state. The property can be exempted from personal property taxes for a period up to five (5) years.

The Freeport Law also exempts goods, wares, and merchandise which are assembled, joined, processed, packaged, or labeled within the state, if stored in a bonded and licensed warehouse and required records kept. Exemption applies to that percentage of the preceding year's shipments that went out of state, provided such shipments exceeded 30%. In order to be eligible for the exempt status, the Secretary of State's office should be contacted for information related to bonding and licensing of a warehouse. The Secretary of State must renew the license annually in order for the exempt status to remain valid.

Present Rates: Rates vary markedly among the numerous local taxing units (counties, cities, townships, school districts, special purpose districts), in accordance with the ad valorem requirements of their locally-adopted budgets, but within limits established by the state legislature. Under certain conditions, local tax levies may be increased above prescribed limits upon approval of the voters or by the state board of tax appeals.

Example Tax Rate Computation:

City.....	39.000
County.....	17.000
School.....	47.000
Other.....	1.500
TOTAL.....	104.500

mills

(A mill is a tax of \$1 on each \$1,000 of assessed valuation of property).

Value of company's tangible personal property subject to taxation, assumed to be \$500,000. Assessed value of property or 30% of \$500,000 is \$150,000.

Tax is \$150,000 x 104.50 mills per \$1000 assessed value Tax = 150 x 104.50 = \$15,675.

MORTGAGE REGISTRATION TAX:

Administration and Collection: County Register of Deed

Collection Period: Tax due when mortgage filed for recording

Tax Base: Principal debt or obligation secured by a mortgage on real property, or renewal or extension thereof.

Present Rate: 25 cents per \$100 or major fraction thereof; tax is in lieu of other taxes.

REAL PROPERTY TRANSFER TAX

There is no tax on the transfer of real property in Kansas. A certificate of value stating what the property is sold for must be filed with the Register of Deeds. The normal filing fee will be charged for this. Forms may be obtained at the County Register of Deeds office.

SALES AND USE TAXES

Administration and Collection: Department of Revenue, Division of Taxation; County Treasurer (certain motor vehicles)

Collection Period: Monthly; tax must be remitted by retailers on or before last day for prior month's collections. Quarterly or annual returns are permitted where volume of sales is small.

Basis and Rate: This tax (state) is three percent (3%) of the sales price of tangible personal property and taxable services sold at retail to the final user or consumer. Local sales taxes may be implemented by both the Cities (.5% or 1%) and the Counties (.5% or 1%). Dependent upon whether the Cities and the County each apply a sales tax, the total rate within any given county could total 5%.

The following are the major exemptions from this tax which are beneficial to industry.

Exemptions: Tangible personal property purchased by a railroad or public utility for consumption or movement directly and immediately in interstate commerce.

Tangible personal property which becomes an ingredient or component part of tangible personal property or services produced, manufactured or compounded for ultimate sale at retail.

Tangible personal property (e.g., electric power, natural gas) which is immediately consumed or dissipated in the actual production, manufacture, processing, mining, drilling, refining, or compounding of tangible personal property for ultimate sale at retail.

Purchases of animals, fowl and fish, the primary purpose of which is used in agriculture, the production of food for human consumption, the production of animal, dairy, poultry or fish products, fiber or fur, or the production of offspring for use for any such purpose.

Labor charges in connection with the original construction of a building or structure.

Tangible personal property purchased by a city from the proceeds of industrial revenue bonds. The cost of the building and all items of fixed equipment a part thereof (heating, air conditioning, etc.) are entitled to exemption from Kansas sales tax at time of initial purchase. This exemption does not extend to items of machinery and equipment which can be moved.

All sales of tangible personal property or services purchased by a contractor for the purpose of constructing, equipping, repairing, furnishing, etc. for any public or private nonprofit hospital, public or private elementary or secondary school or a public or private nonprofit educational institution.

All sales of tangible personal property or service, including the renting and leasing of tangible personal property, purchased directly by the State of Kansas, a political subdivision thereof, other than a school or educational institution, or purchased by a public or private nonprofit hospital or nonprofit blood bank.

All sales of tangible personal property or services purchased by a contractor for the erection, repair or enlargement of buildings or other projects for the government of the United States, its agencies or instrumentalities.

Sales of aircraft including remanufactured and modified aircraft, sales of aircraft repair, modification and replacement parts and sales of services to persons using such aircraft as certified or licensed carriers or persons or property in interstate or foreign commerce.

The lease or rental of all films, records, tapes or any type of sound or picture transcriptions used by motion picture exhibitors.

Any motor vehicle, semitrailer or pole trailer, aircraft sold and delivered in this state to a bona fide resident of another state, provided the item is not registered in this state or will not remain in this state more than ten days.

Trade fixtures and equipment which are already installed and secondhand when sold by a person ceasing to do business where said fixtures are sold.

All sales of used farm machinery and equipment, repair and replacement parts therefor and services performed in the repair and maintenance of such machinery and equipment.

All sales of materials and services used in the repairing, servicing, altering, maintaining, manufacturing, remanufacturing, or modification of railroad rolling stock for use in interstate or foreign commerce.

Sales of tangible personal property and services purchased directly by a port authority or by a contractor therefor.

All sales of materials and services applied to equipment which is transported into the state from outside of the state for repair, service, alteration, maintenance, remanufacture, or modification and which is subsequently transported outside of the state for use in the transmission of liquids or natural gas by means of pipeline in interstate or foreign commerce.

Refunds: All sales tax paid on the purchase and installation of machinery and equipment in an Enterprize Zone area facility shall be refunded. A sales tax refund is also provided for materials and services used in constructing, reconstructing, or enlarging such a facility.

All sales tax paid on the purchase of manufacturing machinery and equipment for use in a plant facility is refundable if at least \$50,000 has been expended for such purchase, and at least two new full-time production employees were added for each \$50,000 of expenditure. Claims for refunds cannot be submitted until one year after the hiring of the required number of new employees. No refund will be made for purchases for which a sales tax refund is submitted under the enterprise zone legislation. This act is to be sunsetted on July 1, 1986.

Example Tax Computation: Assume the purchase of \$10,000 worth of goods subject to the state (3%) sales tax.
 $\$10,000 \times 3\% = \300 tax

Disposition of Revenue: All to state general fund; city and county portion returned to the County Treasurer.

TRANSIENT GUEST TAX

Administration and Collection: Department of Revenue, Division of Taxation. State retains 2% of gross receipts as administration fee. State Treasurer remits net proceeds at least quarterly.

Collection Period: Monthly, similar to sales tax filing requirements.

Measures or Basis of Tax: Gross receipts derived from or paid by transient guests for sleeping accommodations in any hotel, motel or tourist court.

Tax Rate: Not to exceed 2%; however, one city imposes a 5% tax, another imposes a 4% tax under home rule authority.

Disposition of Revenue: To the "tourism and convention promotion fund" of the jurisdiction levying tax, less 2% retained by the state for administration.

UNEMPLOYMENT COMPENSATION TAX -- PAYROLL TAXES

Administration and Collection: Department of Human Resources, Division of Employment, Unemployment Insurance -- Contributions

Collection Period: Quarterly - reports due by the 25th day of January, April, July and October.

Basis or Measure of Tax: Taxable wages paid by employers subject to the act; tax applicable to the first \$8,000 of annual earnings paid each employee. Coverage extends to employers of one or more employees; to employees of state hospitals and institutions of higher education; and to employees of non-profit organizations, including private colleges. Also included are agricultural workers, domestic workers, and state and local government employees.

Present Rate: Contribution rates in 1984 ranged from a maximum of 0.6% to 5.4%. Employers with a negative account balance would pay between 5.5% and 6.4%. Rates for individual employers are determined by an experience-rating formula under which eligible employers with favorable experience qualify for rates below the maximum.

If an employer already has a facility in Kansas and has established an experience rating, the employer will use the same tax rate for a new facility. However, under Kansas law a unique approach has been devised of assigning tax rates to new employers by industry division. This allows the entering establishment to benefit by the experience of existing Kansas employers in the same industry division, and normally permits a more favorable tax rate than a relatively high standard entry rate. The industry rate is applicable to new employers until there have been 24 consecutive months immediately preceding the rate computation date of June 30, throughout which benefits could have been charged against such employer's account. Thus, a time period of 36 to 48 months could elapse while an employer's rating is being established. Upon establishment of eligibility for an experience rating, the employer then would be qualified for a computed rate contingent upon the reserve ratio of his account relative to all other eligible employers.

Eligible employers (existing employers) may make voluntary payments to decrease their potential tax rates. Employers have the option of making voluntary payments to reduce their potential tax rates by either one or two rate groups.

Effective January 1, 1983, the mandatory successorship for a firm purchasing another was eliminated. The purchasing firm does not now automatically inherit the old firm's "existing" insurance rating. The purchasing firm has the option of choosing the old firm's "existing" rating or the entry level rating for that category, whichever is more beneficial to the firm. There is a time limit for making the choice -- within 120 days of ownership transfer.

Example Tax Computation - Industry Rate for New Employers

	1984*	1983**	1982***	1981***
Manufacturing.....	3.88%	3.94%	2.27%	1.91%
Contract Construction.....	4.38%	4.70%	2.91%	2.61%
Services.....	-	-	-	-
Trades.....	-	-	-	-
Government.....	-	4.84%	-	-
Agriculture.....	4.09%	4.31%	2.52%	1.86%
All other.....	3.37%	3.53%	1.94%	1.77%

- * Based on \$8,000 of annual taxable earnings
- ** Based on \$7,000 of annual taxable earnings
- *** Based on \$6,000 of annual taxable earnings

Assuming a new employer, as of January 1, 1984, engaged in manufacturing, with no other account in Kansas, employing 100 persons earning more than \$8,000 per year, the tax is computed as follows:

Calendar Year 1984

Total taxable wages:	\$8,000 x 100 =	\$800,000
Total contributions:	\$800,000 x .0388 =	\$31,040

After approximately 36-48 months of contributions, the employer would be eligible for an adjusted rate based upon the experience rating of the employer's account during that period.

Disposition of Revenue: Collections, other than penalties and interest, are deposited in the Unemployment Trust Fund account of the Employment Security Fund, which is maintained by the Secretary of the United States Treasury under Section 903 of the Social Security Act. Withdrawals from the Unemployment Trust Fund account are permitted only for the payment of the unemployment compensation benefits; withdrawals are not permitted for administrative purposes. Penalties and interest collected are deposited in the Special Employment Security Fund.

WORKERS COMPENSATION INSURANCE

Basis and Rate: Premiums for workers compensation insurance in Kansas are determined by applying the rate for specific occupations (per \$100 payroll) to annual wages.

Methods of Obtaining Insurance: Private insurance companies or, upon application, by becoming self-insured.

State legislation allows large companies to establish their own self-insurance coverage for the purpose of lowering workers' compensation insurance costs to the company.

In an attempt to lower costs for smaller companies, state legislation now allows five or more employers, who are members of the same trade or professional association engaged in the same or a similar type of business, to form a self-insurance pool to underwrite their own worker's compensation insurance coverage.

Benefits: Current maximum weekly benefits are 75% of the state average weekly wage, which is currently \$227.00. Employer maximum per accident liability for permanent total disability and death is \$100,000 and \$75,000 for temporary total and permanent partial disability. Temporary total disabilities on the body as a whole are compensated for a maximum of 415 weeks. New benefits and rates go into effect on July 1 of every year.

For Additional Information Contact:

Insurance and Rates
Kansas Insurance Department
420 SW 9th St.
Topeka, KS 66612
913/296-3071

Law and Application
Workers' Compensation Office
217 SE 4th St., 1st Fl.
Topeka, KS 66603
913/296-3441

TAXES AFFECTING SPECIFIC INDUSTRIES

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
Agriculture Liming Materials Inspection Fee	K.S.A., Ch. 2, Art. 29	Kansas Department of Agriculture	Volume sold	5¢ per ton
Cereal Malt Beverage Products Tax	K.S.A., Ch. 79, Art. 38	Alcoholic Beverage Control Division	Quantity sold or distributed (in gallons or pounds)	Beer of not more than 3.2% & alcohol ...18¢ per gal. (\$5.58 per bbl.) Wort or liquid malt . . . 20¢ per gal. Malt syrup or extract. . . 10¢ per lb.
Cigarette Tax	K.S.A., Ch. 79, Art. 33	Div. of Taxation	Amount of cigarettes sold or distributed	16 ¢ on each 20 cigarettes or fractional part thereof or 20¢ on each 25 cigarettes
Commercial Fertilizer Inspection Fee	K.S.A., Ch. 2, Art. 12	Kansas Dept. of Agriculture	Volume sold	25¢ per ton
Compensating Use Tax - Retailers	K.S.A., Ch. 79, Art. 37	Division of Taxation	Tangible personal property used, stored, or consumed in Kansas. The law provides that all property purchased or leased within or without Kansas and subsequently used, stored or consumed in Kansas shall be subject to the compensating tax if same property would have been subject	3%

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
			to the state retail sales tax had the transaction been made wholly in Kansas. In effect, the retailer's use tax is collected and remitted by out-of-state retailers who are registered by the sales and excise tax division. The Dept. of Revenue has entered into reciprocal agreements with the four neighboring states for the collection of the compensating use tax.	
Corn, Grain Sorghum, Soybean Promotion Research Tax	K.S.A., Ch. 2, Art. 30	Kansas Department of Agriculture	Volume sold through commercial channels.	3 mills per bushel on and corn and grain sorghum, 10 mills per bushel on soybeans.
Dairy Manufacturers Quarterly Tax	K.S.A., Ch. 65, Art. 7	Kansas Dairy Commissioner	Pounds purchased or manufactured.	10¢ per 1,000 pounds purchased from Kansas Producers, applies to cheese & butter mfgs., condenseries, evaporated milk & milk powder plants; ice cream & ice milk factories pay \$1.00 per 1,000 gallons mfgd.

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
Out-of-State Dairy Manufacturers Quar- terly Tax (ice cream, ice milk, and ice cream/milk mix mfgs.)	K.S.A., Ch. 65, Art. 7	Kansas Dairy Commissioner	Volume moved into the state for sale	\$1.00 per 1,000 gallons
Privilege (Income) Domestic Insur- ance Companies	K.S.A., Ch. 40, Art. 28	Commissioner of Insurance-Division of Taxation	Net income, as defined by the law, for the preceding calendar year. The tax does not apply to nonprofit hospital and medical service cor- porations or to fraternal benefit societies and other companies exempt from state regulation.	5%, less exempt interest Tax - income as provided in K.S.A. 40-2803, 40-286 and K.S.A. 68-2309.
Egg Tax	K.S.A., Ch. 2, Art. 25	Kansas Dept. of Agriculture	Volume sold.	\$60 per year or 3.5 mills per dozen.
Express Companies	K.S.A., Ch. 79, Art. 8	Division of Taxation	Gross receipts from businesses in Kansas.	4% Tax
Privilege Tax - Financial Institutions	K.S.A., Ch. 79, Art. 11	Division of Taxation	Net income for the pre- ceding calendar year.	Banks-4.25% plus 2.125% surtax on taxable income over \$25,000; savings and loan associations-4.5% plus 2.25% surtax.

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
Grain Tax	K.S.A., Ch. 79, Art. 39	County Clerks or Assessors; County Treasurers (collection)	For privilege of engaging in business as a grain dealer-amount of grain received by dealer during preceding year. For privilege of harvesting grain-amount of grain harvested. Tax is in lieu of general property tax on grain.	Dealers-0.5 mill per bushel Producers-50 cents, plus 0.5 mill per bushel on all grain in excess of 1,000 bushels.
Insurance Premiums Tax-Foreign Companies	K.S.A., Ch. 40 Art. 2	Commissioner of Insurance	Gross premiums collected from business done in Kansas during preceding calendar year.	2%, or retaliatory tax if company is organized under the laws of a state which imposes a higher rate on Kansas companies.
Insurance Premiums Tax-Domestic	K.S.A., Ch. 40, Art. 2	Commissioner of Insurance	Gross premiums collected from business done in Kansas in preceding calendar year, excluding premiums received in connection with the funding of a qualified pension, annuity or profit-sharing plan. The tax applies to non-profit hospital and medical service corporations, but not to fraternal benefit societies or other companies not subject to state regulation.	1%, less any Firemen's Relief or Fire Companies Marshal taxes paid. A credit of 25% of the tax due is allowed if at least 30% of the company's admitted assets are invested in Kansas securities, less Kansas Insurance Guaranty Association offset.

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
Insurance Premiums Tax-Firemen's Relief	K.S.A., Ch. 40, Art. 17	Commissioner of Insurance	Amount of fire or light- ning insurance written during preceding calen- dar year in cities, counties, townships, and fire districts having an organized fire depart- ment which has fire fighting equipment val- ued at a minimum of \$1,000.	2% (\$2 per \$100 of such insurance premiums).
Insurance Premiums Tax-Fire Marshal	K.S.A., Ch. 75, Art. 15	Commissioner of Insurance	Gross premiums collec- ted by fire insurance companies from all fire insurance businesses transacted in Kansas during preceding year.	Levy is determined by Fire Marshal, but may not exceed 1.25%. Present rate is 1.0%
Alcohol Liquor Gallonage Taxes	K.S.A., Ch. 41, Art. 5	Alcoholic Beverage Control Division	Quantity (gallons) of alcoholic beverages manufactured , used, sold, stored or pur- chased in Kansas.	Beer, over 3.2% 18c per gal. (\$5.58 per bbl.); Wine, 14% or less .30¢ p/g Wine, over 14% .75¢ per gal Spirits.....\$2.50 per gal Domestic (Kansas) wine, 14% or less ... 15¢ per gal.
Liquor Sales (Enforcement)Tax	K.S.A., Ch. 79, Art. 41	Division of Taxation	Gross receipts from the sale of liquor at retail. In effect, the liquor enforcement tax is the equivalent of the retail sales tax, except for the tax rate.	8%

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
Livestock Remedy Registration Fee	K.S.A., Ch. 47, Art. 5	Kansas State Board of Agriculture	Number of products registered.	\$10.00 per remedy
Motor Carriers Prop- erty Tax	K.S.A., Ch. 79, Art. 6a	Division of Property Valuation	Assessed valuation of over-the-road motor vehicles and rolling equipment owned, used, or operated by persons who, in effect, operate such property in non- local intrastate or in interstate business, i.e., motor carriers who are required to se- cure certain certifi- cates, licenses or per- mits from the Kansas Corporation Commission. For interstate operators, valuation is prorated on the basis of mileage traveled in Kansas.	The average rate of property tax levies for all purposes in the taxing districts of the for the preceding year.
Motor Fuel Taxes	K.S.A., Ch. 79, Art. 34	Division of Taxation	Gallons of fuel re- ceived, delivered or used. Gasoline dis- tributors are allowed.	11¢ per gallon on gas 13¢ per gallon on special fuels, diesel fuel, kerosene, distillate, benzol, benzene

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
			<p>to deduct 2½% of the first 1 million gallons and 2% of gallons in excess of 1 million received each calendar year to cover losses in handling. (Exceptions: Importers, distributors making direct sales from terminal to customer; distributors not making more than 50% sales at retail; and export sales.)</p>	<p>naphtha or similar products used for operating motor vehicles on the public highways and streets). Under the Interstate Motor Fuel Users Act operators of commercial motor vehicles within and without Kansas (except farm trucks and school buses) pay the equivalent of the current tax on gasoline or special fuels used in operating motor vehicles in the state, the amount of fuel so used to be determined proportionally on the basis of miles traveled inside and outside Kansas. 6¢ a gallon on gasohol from July 1, 1983. 10¢ per gallon on LP gas.</p>

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Taxes</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
Motor Vehicle Registration Tax	K.S.A., Ch. 8, Art. 1	Division of Vehicle-County Treasurers Collect	Gross wt. of vehicle	(Illustrative, not all inclusive) <u>Passenger vehicles:</u> 3,000 lbs. or less ..\$13.00 3,001 to 3,99916.25 4,000 to 4,500 19.50 Over 4,500 lbs. . . . 26.00 <u>Trucks and truck tractors:</u> Range is from \$27.50 for 12,000 lbs. or less to \$1,475 for up to 85,500 lbs. Local trucks: Range is from \$25.00 for 12,000 lbs. or less to \$775.00 for trucks up to 85,000 lbs. Farm trucks: range is from \$25.00 for 12,000 lbs. or less to \$62.00 for over 24,000 lbs. <u>Trailers and semitrailers:</u> Range is from \$10.00 for over 2,000 lbs. to \$25.00 for over 12,000 lbs. Motorcycles: \$10.00. <u>Motorized bicycles (Moped):</u> \$5.00
Musical and Dramatic Composition Tax	K.S.A., Ch. 57, Art. 2	State Treasurer	Privilege of selling, licensing, or otherwise disposing of performing rights (public performances for profit) in musical and dramatic-musical compositions; gross receipts therefrom during preceding year.	3%

TAXES AFFECTING SPECIFIC INDUSTRIES
(continuation)

<u>Tax</u>	<u>Statutory Citation</u>	<u>Administration & Collection</u>	<u>Basis</u>	<u>Rate</u>
Private Car Companies Tax	K.S.A., Ch. 79, Art. 9	Division of Taxation	Gross earnings from operation of private cars (passenger, sleeping, refrigerator, tank, etc.) in Kansas during the preceding calendar year; tax is in lieu of property taxes.	2.5%
Soil Amendments Inspection Fee	K.S.A., Ch. 2, Art. 28	Kansas Department of Agriculture	Volume sold	20¢ per ton
Soil Amendments Registration Fee	K.S.A., Ch. 2, Art. 28	Kansas Department of Agriculture	Number of products registered	\$50.00 per product
Tobacco Products Tax	K.S.A., Ch. 79, Art. 33	Division of Taxation	Wholesale sales price.	10% (Distributors may retain 4% of the tax as reimbursement for expenses).
Wheat Tax	K.S.A., Ch. 2, Art. 26	Kansas Wheat Commission	Wheat marketed through commercial channels in Kansas.	4 mills per bushel.

KANSAS STATE AGENCIES WHICH ADMINISTER AND COLLECT
VARIOUS TAXES

Division of Alcoholic Beverage Control
Kansas Department of Revenue
700 Jackson, 2nd Fl.
Topeka, KS 66625
913/296-3946

Division of Taxation
Kansas Department of Revenue
State Office Building, 3rd Fl.
Topeka, KS 66612
913/296-3044

Division of Property Valuation
Kansas Department of Revenue
State Office Building, 5th Fl.
Topeka, KS 66612
913/296-2365

Division of Vehicles
Kansas Department of Revenue
State Office Building, 3rd Fl.
Topeka, KS 66612
913/296-3601

Commissioner of Insurance
420 S.W. 9th St.
Topeka, KS 66612
913/296-3071

Secretary of State
State Capitol Building
Topeka, KS 66612
913/296-2236

Control Division
Kansas Board of Agriculture
109 W. 9th, Suite B-10
Topeka, KS 66612
913/296-3786

Dairy Division
Kansas Board of Agriculture
109 W. 9th, Suite B-9
Topeka, KS 66612
913/296-3731

Kansas Wheat Commission
2600 Claflin Rd.
Manhattan, KS 66502
913/539-0255

TAX CREDITS AND EXEMPTIONS

JOB EXPANSION AND INVESTMENT CREDIT ACT

The establishment of new business facilities is an important factor in the growth of the Kansas economy. As a result, the State of Kansas grants an income tax credit to encourage new business facilities.

The Job Expansion and Investment Credit Act, as set forth in K.S.A. 79-32,153, allows for a qualifying business to receive the tax credit for a period up to ten years. The act authorizes the credit to individuals, corporations, and fiduciaries meeting the provision of the statute.

In order to qualify for the credit, a new business must meet certain conditions:

- First, the new business must be a taxpayer in the state.
- Second, the new business must be a revenue producing enterprise. A revenue producing enterprise is one involving assembly, fabrication, manufacture, or processing of any agricultural, mineral, or manufactured product; storage, warehousing, distribution, or sale of any products of agriculture, mining, or manufacturing; feeding of livestock in a feedlot; operation of laboratories of research, development, or testing; performance of services of any type; or the administrative management of any of the above activities.
- Third, the new business must establish a new business facility. This includes any factory, mill, plant, refinery, warehouse, feedlot, or other building, and all accompanying land, machinery, equipment, and other real and tangible personal property.
- Fourth, the new facility must be acquired or leased by the new business.
- Fifth, the new facility must employ at least two new employees.

Once these conditions are met, the new business is allowed an income tax credit of \$100 per each new employee, plus \$100 for each \$100,000 of new capital investment. This tax credit cannot exceed more than 50% of the total income tax liability for the year the credit is taken. The credit is recomputed each year during the ten year period to reflect any changes in the amount of jobs or capital investment.

The Job Expansion and Investment Credit Act is not only applicable to new business, but also to certain facility expansion. Facility expansions are eligible for the credit if the amount invested in the expansion exceed \$1,000,000, or if less, exceeds 100% of the investment in the original facility. In addition, the expansion must fall within the definition of a new business facility.

Coupled with the aforementioned standard provisions, other provisions allow for individual flexibility:

- First, a business may elect to delay the start of the ten year period for up to three years.
- Second, a business may transfer or retain the credit if the facility is acquired by, or leased to, another entity.

KANSAS ENTERPRISE ZONE ACT

Developing new business and expanding existing businesses within economically distressed areas and thereby creating new jobs and sources of income, particularly for disadvantaged workers, is an important factor within the Kansas economy. As a result, the State of Kansas grants an income tax credit to encourage development within economically distressed zone areas located within cities of the state.

The Kansas Enterprise Zone Act, as set forth in K.S.A. 12-17,107, requires that cities take the initiative to obtain enterprise zone designation or areas within the city. Once the enterprise zone is designated, the act authorizes new or expanding businesses to apply for the state income tax credit provided they are located within the designated enterprise zone.

In order to qualify for the tax credit, the business must meet the same conditions that are listed for the Job Expansion and Investment Credit Act. Such tax credits may be taken over a ten-year period. In addition, the credits can be a portion thereof, but not more than 50% of the income tax liability for the business taxpayer. Income tax credits can be accumulated for facilities employing at least two new employees, who are residents of Kansas, in the following manner:

- Three hundred and fifty dollars(\$350) for each new business facility employee.
- Five hundred dollars (\$500) for each new business facility employee that qualifies the employer for the Federal Targeted Jobs Tax Credit.
- Three hundred and fifty (\$350) for each \$100,000 of new investment within the enterprise zone.

In addition, all sales tax paid on the sale of tangible personal property or services purchased for the purpose of constructing, equipping, reconstructing, maintaining, repairing, enlarging or remodeling a new business facility located within an enterprise zone, which qualifies for an income tax credit, shall be refunded. Each claim for a sales tax refund shall be verified and submitted to the Director of Taxation upon forms furnished by the Director.

FREEPORT LAW

The Kansas Freeport Law, as set forth in K.S.A. 79-201f, is designed to provide property tax relief to interstate businesses. Under the provisions of the law, certain personal property is exempt from ad valorem taxation:

- Personal property which is moving through Kansas in interstate commerce.
- Personal property which has been shipped into Kansas and stored in a licensed and bonded warehouse if the final destination of the property is unknown at the time of storage in Kansas, or the the interstate movement of the property has been interrupted for not more than two years.
- Goods, wares, and merchandise which are manufactured, assembled, joined, processed, packaged or labeled within Kansas, during the period of time in which they are stored in a licensed and bonded warehouse. Records must be kept showing point of origin, date or receipt, type and quantity, date of withdrawal, and ultimate destination.

A bonded and licensed warehouse is a warehouse that is licensed by the Kansas Secretary of State. A warehouse of this type is one that is engaged in the business of storing goods for hire. A business, such as a manufacturing firm, can become a bonded and licensed warehouse and store its own goods.

In order to qualify for a Freeport Law exemption, a business must show by verified statement that the final destination of at least 30 percent of the previous year's sales or shipments from the storage area were shipped in interstate commerce to a point outside the State of Kansas. Goods stored in Kansas may be exempted from property tax for a period of five (5) years.

The business must furnish the county assessor a report of the monthly average inventory for the preceding calendar year and a report of the value of shipments for final destination outside the state for each month of the previous calendar year.

The business is entitled to an exemption based on a ratio of the value of shipments that were made in interstate commerce to the value of total shipments. This ratio is then multiplied by the average monthly inventory to obtain the entitled exemption.

TAX EXEMPTIONS FOR INDUSTRIAL REVENUE BONDS

Businesses utilizing industrial revenue bonds (IRB's) as a financing mechanism can realize certain tax exemptions:

- Property financed with IRB's can be exempt from ad valorem taxation for a period of ten years after the bonds are issued. Since this is a local decision, some municipalities require varying percentages of normal taxes to be paid during the ten years in the form of "payment in lieu of taxes."
- The cost of building materials and items of equipment permanently installed are exempt from state and local sales taxes.

SALES TAX REFUND ON MANUFACTURING MACHINERY

The retailers' sales tax (K.S.A. 1984 supp. 79-3606) paid at the time of purchase of machinery and equipment used directly for the purposes of (1) manufacturing, fabricating, assembling, processing or finishing articles of commerce in Kansas by a manufacturing or processing plant or facility and (2) establishing or expanding such plant or facility physically or for the purpose of increasing the production capacity thereof shall be refunded after the following provisions have been met.

At least \$50,000 or more must have been expended for the purchase of such machinery and equipment in any one calendar year and, due to such purchase, at least two new full-time production employee positions are established for each \$50,000 of expenditure claimed as a basis for refund. No credit for any new full-time production employee position shall be given unless such position is established and maintained after the date of purchase of the machinery and is in addition to the number of full-time production positions existing on such data. Employees hired seasonally shall not be deemed to be full-time production employees.

No refund will be made for purchases for which a sales tax refund request was submitted under the Kansas Enterprise Zone legislation (K.S.A. 1983 supp. 79-3641). Refund claims may be submitted to the Director, Division of Taxation, Kansas Department of Revenue, on forms furnished by the director. No such claim for refund shall be submitted until one year subsequent to the hiring of the two or more new full-time production employees. Verification of refunds is necessary.

SOLAR ENERGY CREDIT

Any business facility equipped with a solar energy system prior to January 1, 1986 can receive a tax credit against the state income tax liability, as set forth in K.S.A. 79-32,167.

Real property used in a trade or business which is equipped with a solar energy system for which the credit has never been claimed shall be entitled to claim an income tax credit. The income tax credit can be an amount equal to thirty percent (30%) of the cost of such system, including installation costs, or \$4,500, or an amount equal to the taxpayer's income tax liability in the taxable year for which the credit is claimed. A credit of up to \$1,500 can be claimed for a residential system.

RENOVATION OF BUILDINGS AND FACILITIES FOR ACCESSIBILITY TO HANDICAPPED PERSONS

Any business facility that makes expenditures for the purpose of making all or any portion of an existing building or facility accessible to the handicapped, which building or facility is on real property located in this state and used in a trade or business or held for production of income, shall be entitled to claim an income tax credit.

The income tax credit shall be in an amount equal to twenty-five percent (25%) of such expenditures, or the amount of ten thousand dollars (\$10,000), whichever is less, against the income tax liability imposed against such taxpayer.

Such tax credit shall be deducted from the taxpayer's income tax liability for the taxable year in which the expenditures are made by the taxpayer. If the tax credit exceeds the taxpayer's income tax liability for such taxable year, the amount which exceeds such tax liability may be carried over for deduction from the taxpayer's income tax liability in the next or succeeding years until the total tax credit has been deducted, except no such credit can be carried over for deduction after the fourth taxable year succeeding the taxable year in which expenditures are made.

FOREIGN TRADE ZONES

Foreign trade zones in Kansas provide a duty-free and quota-free entry of foreign goods into specific areas under U.S. Custom's supervision for an unlimited period of time. One such zone has been designated in Kansas City, Kansas where over 400,000 sq. ft. of space is available for storage and/or processing.

Goods brought into a zone or sub-zone may be stored, manipulated, or mixed with domestic or foreign materials used in manufacturing processes or exhibited for sale. Anything shipped out of a zone into the United States Customs' territory is then subject to duties. Goods reshipped to foreign nations are never subject to U.S. Customs' duties.

EMPLOYEE AND EMPLOYMENT STANDARDS

MINIMUM WAGE LAWS -- KANSAS

Kansas minimum wage laws state that every employer shall pay to each employee wages at a rate of not less than one dollar sixty cents (\$1.60) an hour. In calculating such minimum wage rate, an employer may include tips and gratuities received by an employee in an amount not to exceed forty percent (40%) of the minimum wage rate, if such tips and gratuities have customarily constituted part of the remuneration of the employee and if the employee concerned actually received and retained such tips and gratuities. The Secretary of the Kansas Department of Human Resources shall require each employer desiring approval of an allowance for gratuities to provide substantial evidence of the amounts of such gratuities.

These provisions shall not apply to any employers and employees who are covered under the provisions of Section 6 of the Fair Labor Standards Act of 1938 as amended (29 U.S.C.A. 206), and as amended by the fair labor standards amendments of 1974 and any other acts amendatory thereof or supplemental thereto.

In addition, no employer shall employ any employee for a work week longer than forty-six (46) hours, unless such employee receives compensation for employment in excess of forty-six (46) hours in a work week at a rate of not less than one and one-half (1½) times the hourly wage rate at which such employee is regularly employed.

UNEMPLOYMENT INSURANCE

Employers in Kansas must register with the Unemployment Insurance Tax Service for purposes of unemployment insurance.

Unemployment insurance information may be obtained from the Unemployment Insurance Tax Service Offices located in the nearest city. Offices are currently located in the following cities:

Atchison: 66002	Unemployment Insurance Tax Service, 818 Kansas, 913/367-5307
Coffeyville: 67337	Unemployment Insurance Tax Service, 1102 Elm, 316/251-1800
Colby: 67701	Unemployment Insurance Tax Service, 485 N. Chick, 913/462-6481
Dodge City: 67801	Unemployment Insurance Tax Service, 2308 1st Ave., 316/225-0126
Emporia: 66801	Unemployment Insurance Tax Service, 512 Market St., 316-342-7891

Great Bend: 67530	Unemployment Insurance Tax Service, 2120 Eleventh St., 316/792-2804
Hays: 67601	Unemployment Insurance Tax Service, 332 E. 8th, 913/625-5654
Junction City: 66441	Unemployment Insurance Tax Service, 839 N. Eisenhower, 913/238-5538
Liberal: 67901	Unemployment Insurance Tax Service, 807 S. Kansas, 316/624-6847
Manhattan: 66502	Unemployment Insurance Tax Service, 622 Humboldt, 913/776-5434
Overland Park: 66204	Unemployment Insurance Tax Service, 7808 Foster, P.O. Box 4387, 913/648-6161
Parsons: 66757	Unemployment Insurance Tax Service 1716 Corning, P.O. Box 319, 316-421-5300
Pittsburg: 66762	Unemployment Insurance Tax Service, 104 S. Pine, 316/231-6490
Salina: 67401	Unemployment Insurance Tax Service, 909 E. Wayne, 913-827-8769
South Hutchinson: 67505	Unemployment Insurance Tax Service, 500 N. Main, 316-663-5932
Topeka: 66612	Unemployment Insurance Tax Service, 1430 S. Topeka, 913/232-7878
Wichita: 67202	Unemployment Insurance Tax Service, 402 E. 2nd, 316/265-1971

UNEMPLOYMENT COMPENSATION

The Division of Employment of the Department of Human Resources makes weekly disbursement of benefits to those workers who become involuntarily unemployed, and collects a payroll tax from employers.

An employer becomes liable under the Kansas Employment Security Law when he:

- Employs one or more individuals for some portion of each of any 20 weeks of a calendar year, or payment for service in employment of wages of \$1,500 or more during any calendar quarter, or
- Acquires the business of an employer subject to the law, or

- Voluntarily elects to come under the provision of the law for a minimum period of two calendar years, or
- Becomes subject to the federal unemployment tax, or
- Begins paying wages following a period of inactivity while former liable status has not been formally terminated, or
- Employs 10 or more individuals in agricultural employment for a period of 20 weeks in the current or preceding calendar year or has a quarterly cash payroll of \$20,000, or
- Pays cash wages of \$1,000 or more in any calendar quarter in the current or preceding calendar year to individuals employed in domestic service, or
- Has service performed by an individual in the employ of the state or political subdivision of the state, or
- Is an organization described in 501 (c) (3) of the Federal Internal Revenue Code and is exempt from income tax under 501(a) of the code and employs 4 or more individuals for some portion of a day in each of 20 different weeks in a calendar year.

For further information contact the nearest Unemployment Insurance Tax Service Office.

JOB SERVICE OF KANSAS - EMPLOYMENT SERVICES

Job Service of Kansas, the employment division of the Kansas Bureau of Employment Services, is qualified, willing and anxious to assist you quickly and efficiently with your employment and training needs without additional cost or obligation to you or your company.

Job Service of Kansas finds jobs for people and people for jobs by offering:

- Direct assistance to employers by prescreening applicants to match job requirements.
- Assistance in preparing job descriptions.
- Local, area, and national labor market information useful to employers for planning operations, recruiting and training workers.
- A nationwide clearance service utilizing the employment service job bank network of offices to locate and recruit people with skills not available locally.

- Efforts to assist individual employers with special recruiting and hiring problems.
- Validated aptitude testing to identify applicants best suited for the employer's requirements.
- Employment counseling to assist job applicants to make appropriate vocational choices and decisions.

For information, contact:

Job Service Center
 Kansas Department of Human Resources
 401 Topeka Boulevard
 Topeka, KS 66603
 913/296-5317

Job Service information on local areas may be obtained from the Job Service Office located in:

Abilene:	Job Service Center 316 N. Broadway, 913/263-7519
Arkansas City:	Job Service Center 216 W. Chestnut, 316/442-3130
Atchison:	Job Service Center 818 Kansas, 913/367-4814
Chanute:	Job Service Center 119 N. Grant, 316-431-4950
Coffeyville:	Job Service Center 1102 Elm, 316/251-1800
Colby:	Job Service Center 485 N. Chick, 913/462-6862
Concordia:	Job Service Center 511 Broadway, 913/243-4430
Dodge City:	Job Service Center 2308 First, 316/227-2149
El Dorado:	Job Service Center 123 E. 2nd St., 316/321-2350
Emporia:	Job Service Center 512 Market, 316/342-3355
Garden City:	Job Service Center 107 E. Spruce, 316/276-2339

Goodland: Job Service Center
1013 Center, 913/899-2326

Great Bend: Job Service Center
2120 Eleventh St., 316/793-5445

Hays: Job Service Center
332 E. 8th St., 913/625-5654

Hutchinson: Job Service Center
518 N. Washington, 316/663-6131

Independence: Job Service Center
112 W. Laurel, 316/331-2700

Junction City: Job Service Center
839 N. Eisenhower, 913/762-3600

Kansas City: Job Service Centers
552 State, 913/281-3000
7815 Parallel Parkway, 913/334-1006

Lawrence: Job Service Center
833 Ohio, 913/843-0531

Leavenworth: Job Service Center
600 S. 5th, 913/682-4152

Liberal: Job Service Center
807 S. Kansas, 316/624-1863

Manhattan: Job Service Center
621 Humboldt, 913/776-8884

McPherson: Job Service Center
118 E. Euclid, 316/241-5111

Newton: Job Service Center
116 East Sixth, 316-283-4220

Olathe: Job Service Center
215 S. Kansas, 913/782-2077

Ottawa: Job Service Center
225 E. 2nd St., 913/242-1862

Overland Park: Job Service Center
7937 Santa Fe Dr., 913/642-8484

Parsons: Job Service Center
1716 Corning, 316/421-5300

Pittsburg: Job Service Center
104 S. Pine, 316/231-4250

Salina: Job Service Center
203 N. 10th, 913/827-0395

Topeka: Job Service Center
1430 S. Topeka Blvd., 913/232-7800

Ulysses: Job Service Center
220 N. Main, 316/356-3662

Wellington: Job Service Center
117 E. Lincoln, 316/326-5909

Wichita: Job Service Centers
402 E. 2nd, 316/265-1261
501 E. Pawnee Ave., 316/262-6045

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

The purpose of this law is "to assure as far as possible every working man and woman in the nation safe and healthful working conditions and to preserve our human resources." The act covers every employer and requires him/her to provide workers a place free from safety and health hazards and to comply with the standards.

Kansas regulations generally follow the Federal guidelines and there are no citations issued at the state level. However, on-site safety consultations at the request of an employer will be conducted by the State Industrial Safety Division. The State Consultant, without issuing a citation, will point out unsafe conditions and suggest improvements. This service operates independently of the federal OSHA. In addition, the Environmental Toxicology Section will inspect and make recommendations pertaining to health conditions.

For additional information on safety, contact:

Industrial Safety Division
Kansas Department of Human Resources
401 Topeka Boulevard
Topeka, KS 66603
913/296-4386

For additional information on health, contact:

Environmental Toxicology Section
Division of Environment
Kansas Department of Health and Environment
Topeka Air Industrial Park, Bldg. 740
Topeka, KS 66620
913/862-9360

For further information about OSHA standards, contact:

Department of Labor
Occupational Safety and Health Administration
911 Walnut St., Rm. 3000
Kansas City, MO 64106
816/374-5861

WORKERS COMPENSATION

Workers compensation is a private insurance plan where the benefits are not paid by the State of Kansas, but paid by the employer through an insurance carrier or self-insurance plan. (See the section on "Tax Structure of Kansas" for greater detail.)

To obtain insurance for employees, the employer should deal with an insurance agent. Any difficulty an employer has in getting insurance should be referred to the Kansas Insurance Commissioner, 420 S.W. 9th St., Topeka, Kansas, 66612. Telephone 913/296-3071.

Also, the Insurance Commissioner can answer questions in regard to rates and the proper amount for insurance premiums in individual cases.

Employers must register with:

Workers' Compensation Director
217 S.E. 4th, 1st Fl.
Topeka, KS 66603
913/296-3441

BUSINESS NAMES AND TRADEMARKS

TRADENAME, TRADEMARK AND SERVICEMARK

Any person who adopts and uses a mark in this state may file in the office of the Secretary of State. Application forms for registrations and renewals of registrations of trademark or servicemark may be obtained from:

Kansas Secretary of State
Capitol Bldg., 2nd Floor
Topeka, KS 66612
913/296-2236

The filing fee and renewal fee is \$25.00. Registration shall be effective for 10 years from the date of registration. Three copies, or facsimiles of the trademark or servicemark must be attached to the application.

FICTITIOUS NAME

Kansas does not have a fictitious name statute. Firms may be incorporated under any name as according to the provisions of the trademark and servicemark statute.

REGISTRATION FOR MOTOR CARRIERS,
PUBLIC UTILITIES, MINING AND SECURITIES

KANSAS CORPORATION COMMISSION

The Kansas Corporation Commission is a state agency concerned with the regulation of motor carriers, public utilities, mined land conservation and securities issuance.

Additional information may be obtained from:

Kansas Corporation Commission
State Office Bldg., 4th Floor
Topeka, KS 66612
913/296-3355

INTERSTATE COMMERCE COMMISSION

The Interstate Commerce Commission, a federal agency, has established field offices at:

Kansas City-600 Federal Office Bldg.	Wichita
911 Walnut	225 N. Market, Rm. 220
Kansas City, MO 64106	Wichita, KS 67202
816/374-5561	316/269-6609

These offices have been established to advise and assist small businesses seeking transportation services as well as those already in or wishing to enter the transportation business.

BONDED, LICENSED WAREHOUSES

A business needing to become a bonded, licensed warehouse to take advantage of Kansas' Freeport Law or for other considerations should contact the Kansas Secretary of State's Office. A bond must be supplied by the firm when it registers. A fee of \$25.00 is assessed at the time of registration.

Additional information and forms may be obtained from:

Secretary of State
State Capitol Building
Second Floor
Topeka, KS 66612
913/296-2236

BUSINESS PUBLICATIONS AVAILABLE

FEDERAL PUBLICATIONS

The United States Government Manual is a useful tool in determining which federal departments, agencies, and programs may have a bearing on your business. It describes the activities, gives addresses for regional offices, and lists publications, and sources for further information.

This manual is available for review at the Kansas State Library in the State Capitol Building, or may be purchased directly from:

Federal Book Store
601 E. 12th, Room 144,
Kansas City, MO 64106
Telephone: 816/374-2160

For additional publications related to businesses, the Small Business Administration publishes numerous booklets that can be most helpful. Many federal publications can be obtained through the Federal Book Store at Kansas City.

STATE PUBLICATIONS

DIRECTORY OF KANSAS MANUFACTURERS AND PRODUCTS

Cost: \$25.00 Write to: Economic Analysis Section
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, KS 66603
913/296-3483

KANSAS MINORITY INDUSTRIAL DIRECTORY

Cost: Free Write to: Minority Business Division
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, KS 66603
913/296-3487

KANSAS MANUFACTURERS AND PRODUCTS IN EXPORT

Cost: Free Write to: International Development Section
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, KS 66603
913/296-3483

DIRECTORY OF KANSAS WAREHOUSE & DISTRIBUTION CENTERS

Cost: Free Write to: Economic Analysis Section
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, KS 66603
913/296-3483

FIRMS HEADQUARTERED IN KANSAS

Cost: Free Write to: Economic Analysis Section
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, KS 66603
913/296-3483

DIRECTORY OF KANSAS JOB SHOPS

Cost: Free Write to: Economic Analysis Section
Kansas Department of Economic Development
503 Kansas Avenue
Topeka, KS 66603
913/296-3483

OTHER PUBLICATION SOURCES:

Publications related to mineral resources, ground-water resources, oil and gas resources, clay and shale deposits, state elevation, etc. as well as other information related to state resources. Maps on mineral deposits, pipelines, U.S.G.S. Topographic (KS), and other items. To obtain publication lists, write to:

Kansas Geological Survey
1930 Avenue "A", Campus West
The University of Kansas
Lawrence, KS 66044
913/864-3965

Maps relating to cities and counties showing street and road patterns; state/-county outline maps; and other similar maps can be obtained from:

Kansas Department of Transportation
Division of Planning & Development
State Office Building, 8th Floor
Topeka, KS 66612
913/296-3841

DIRECTORY OF KANSAS AIRPORTS

Cost: Free Write to: Kansas Department of Transportation
Aviation Division
State Office Building, 7th Floor
Topeka, KS 66612
913/296-2553

KANSAS STATISTICAL ABSTRACT

Cost: \$11.00+ Write to: Center for Public Affairs
Postage 607 Blake Hall
The University of Kansas
Lawrence, KS 66045
913/864-3701

APPENDIX
LICENSES AND PERMITS

Following is a comprehensive list of licenses and permits affecting specific industries operating in Kansas and the agencies which administer each.

<u>PERMIT</u>	<u>STATUTORY CITATION</u>	<u>ADMINISTRATION & COLLECTION</u>
Agriculture Liming Materials License . . . . .	.K.S.A., Ch. 2, Art. 29	Kansas Department of Agriculture
Air Quality Permit . . . . .	.K.S.A., Ch. 65, Art. 30	Division of Environment
Bonded Warehouse License . . . . .	.K.S.A., Ch. 82, Art. 1	Secretary of State
Cereal Malt Beverage Retail License . . . . .	.K.S.A., Ch. 41, Art. 27	City Governing Body or County Board of Commissioners
Cereal Malt Beverage Distributor License . . . . .	.K.S.A., Ch. 41, Art. 27	Alcoholic Beverage Control Div.
Commercial Feed Inspection Fee . . . . .	.K.S.A., Ch. 2, Art. 10	Kansas Department of Agriculture
Commercial Fertilizer Inspection Fee . . . . .	.K.S.A., Ch. 2, Art. 12	Kansas Department of Agriculture
Dairy Manufacturers, Buyers, Tester, Weighters and Brokers Fee . . . . .	.K.S.A., Ch. 65, Art. 7	Kansas Department of Agriculture
Dams, Levees, and Similar Structures Permits	K.S.A., Ch. 82A, Art. 3	Division of Water Resources
Egg Inspection Fee . . . . .	.K.S.A., Ch. 24, Art. 1	Kansas Department of Agriculture
Feed Lot Operators' License & Fees . . . . .	.K.S.A., Ch. 2, Art. 25	Kansas Department of Agriculture
Fertilizer Custom Blending License . . . . .	.K.S.A., Ch. 47, Art. 15	Kansas Department of Animal Health
Fuel Dealers'/Users' License . . . . .	.K.S.A., Ch. 2, Art. 12	Kansas Department of Agriculture
Grain Inspection Fee . . . . .	.K.S.A., Ch. 79, Art. 34	Division of Taxation
Ice Cream/mix, Ice Milk/mix. Out of State Manufacturer's License . . . . .	.K.S.A., Ch. 34, Art. 1	Grain Inspection Department
Milk and Cream Handler's License . . . . .	.K.S.A., Ch. 65, Art. 7	Kansas Department of Agriculture
Interstate Motor Carriers Reciprocity Permit Insurance Cos. & Fraternal Benefit Society Fees . . . . .	.K.S.A., Ch. 8, Art. 1	Division of Vehicles
Alcoholic Liquor (Alcohol, Spirits, Wine & Beer) Licensing . . . . .	.K.S.A., Ch. 40, Art. 2	Commissioner of Insurance
LP Gas User's/Dealer's License . . . . .	.K.S.A., Ch. 41, Art. 3	Alcoholic Beverage Control Div.
Labor Organization's Annual Report and Filing Fee . . . . .	.K.S.A., Ch. 79, Art. 34	Division of Taxation
Meat and Poultry Registration Fee . . . . .	.K.S.A., Ch. 44, Art. 8	Secretary of State
Contract or Common Motor Carrier PermitK.S.A., Ch. 65, Art. 6a	Kansas Department of Agriculture
	.K.S.A., Ch. 66, Art. 1	Kansas Corporation Commission

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<u>PERMIT</u>	<u>STATUTORY CITATION</u>	<u>ADMINISTRATION & COLLECTION</u>
Nursery Dealer's LicenseK.S.A., Ch. 2, Art. 21	Kansas Department of Agriculture
Oil and Gas Well Drilling License . . . . .	.K.S.A., Ch. 55, Art. 1	Kansas Corporation Commission
Pesticide Business License . . . . .	.K.S.A., Ch. 2, Art. 24	Kansas Department of Agriculture
Public Grain Warehouse License . . . . .	.K.S.A., Ch. 34, Art. 2	Grain Inspection Department
Radiation Control License . . . . .	.K.S.A., Ch. 48, Art. 16	Division of Environment
Sewer Discharge Permit . . . . .	.K.S.A., Ch. 65, Art. 1	Division of Environment
Solid Waste Processing Facility or Disposal Area Operating Permit . . . . .	.K.S.A., Ch. 65, Art. 34	Division of Environment
Surface Mining Permit . . . . .	.K.S.A., Ch. 49, Art. 4	Kansas Corporation Commission
Tobacco Distribution License . . . . .	.K.S.A., Ch. 79, Art. 33	Division of Taxation
Trademark Registration and Filing Fee . . . . .	.K.S.A., Ch. 81, Art. 1	Secretary of State
Water Appropriation's Permit . . . . .	.K.S.A., Ch. 82A, Art. 7	Kansas Department of Agriculture
Water Supply Permit. . . . .	.K.S.A., Ch. 65, Art. 1	Division of Environment
Water Well Contractor's License. . . . .	.K.S.A., Ch. 82A, Art. 12	Division of Environment
Wholesalers & Distributors of Cereal Malt Beverages . . . . .	.K.S.A., Ch. 41, Art. 27	Alcoholic Beverage Control Div.

APPENDIX

KANSAS STATE AGENCIES WHICH ADMINISTER LICENSING PROGRAMS
AND/OR COLLECT VARIOUS FEES

Kansas Insurance Department
420 S.W. 9th St.
Topeka, KS 66612
913/296-3071

Division of Alcoholic Beverage Control
Kansas Department of Revenue
700 Jackson, 2nd Fl.
Topeka, KS 66612
913/296-3946

Division of Environment
Kansas Dept. of Health & Environment
Topeka Air Industrial Park, Bldg. 740
Topeka, KS 66620
913/862-9360

Division of Property Valuation
Kansas Department of Revenue
State Office Bldg., 5th Fl.
Topeka, KS 66612
913/296-2365

Division of Taxation
Kansas Department of Revenue
State Office Bldg., 3rd Fl.
Topeka, KS 66612
913/296-3044

Division of Vehicles
Kansas Department of Revenue
State Office Bldg., 3rd Fl.
Topeka, KS 66612
913/296-3601

Grain Inspection Department
235 S. Topeka, Box 1918
Topeka, KS 66601
913/296-3451

Kansas Corporation Commission
State Office Building, 4th Floor
Topeka, KS 66612
913/296-3355

Kansas Department of Agriculture
109 W. 9th, 1st Fl.
Topeka, KS 66612
913/296-3556

Kansas Department of Animal Health
217 E. 4th, 4th Fl.
Topeka, KS 66603
913/296-2326

Kansas Wheat Commission
2600 Claflin Rd.
Manhattan, KS 67501
913/539-0255

Secretary of State
Capitol Building, 2nd Floor
Topeka, KS 66612
913/296-2236

State Treasurer
700 Harrison
Topeka, KS 66612
913/296-3172

APPENDIX

WATER-RELATED AGENCIES THAT AFFECT SPECIFIC INDUSTRIES

BOARD OF AGRICULTURE
Division of Water Resources
109 S.W. 9th, Rm. 202
Topeka, KS 66612
913/296-3717

Administration and enforcement of state water laws relating to water rights, interstate river compacts, groundwater management districts, irrigation districts, watershed districts, dams, levees, channel improvements, floodplain management, rural water district grants, and dam inspection.

DEPT. OF HEALTH & ENVIRONMENT
Bureau of Water Supply
Building 740, Forbes Field
Topeka, KS 66620
913/862-9360

Administration and/or enforcement of state water laws relating to water quality. Activities include water sampling, treatment plant operator's certification, surveillance of public water systems, and assistance in development of new water supplies.

Division of Environment
Water Protection
Building 740, Forbes Field
Topeka, KS 66620
913/862-9360

Water pollution control is achieved by review of plans, construction grants, discharge permits, and monitoring water treatment plants, implementation of Section 208 Water Quality Management Plan, well driller's licensing, and control of hazardous and toxic wastes.

KANSAS WATER OFFICE
101 S.W. 9th, Suite 200
Topeka, KS 66603
913/296-3185

Planning and policy agency responsible for coordination of state water activities. Programs include State Water Plan, coordination of federal, regional, state, and local water programs, water marketing, weather modification, and special studies.

KANSAS GEOLOGICAL SURVEY
1930 Avenue A, Campus West
University of Kansas
Lawrence, KS 66044
913/864-3965

Research relating to the state's water, land and energy resources. Agency water-related programs include assessment of groundwater systems, water data acquisition, and information and guidance for better water management.

COOPERATIVE EXTENSION SERVICE
122 Umberger Hall, KSU
Manhattan, KS 66506
913/532-5820

Educational efforts directed toward farmers, ranchers, irrigators, and other water users, carried out through 105 county offices with programs in soil and water conservation, and other water management concerns.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

503 Kansas Avenue, Sixth Floor, Topeka, Kansas 66603

Phone (913) 296-3481





JOHN CARLIN
Governor

CHARLES J. "Jamie" SCHWARTZ
Secretary

M E M O R A N D U M

TO: David Barclay

FROM: Steve Holsteen 
Brad Mears 

RE: Midyear Progress Report

DATE: January 29, 1985

The Division of Small Business Development is submitting the following information, at your request, as a midyear progress report. The accomplishments outlined here are for the period from July 1 through December 31, 1985, which is also the first six months of operation as an Agency division.

1. Review of Accomplishments

A state-wide Lender Commitment Program was established in conjunction with the Kansas Bankers Association (KBA). To initiate the program, Division staff assembled materials to explain and promote it and also attended the six Kansas Bankers Association regional meetings this fall to assist in presenting the Program to bankers. Under this program, banks commit to provide a certain dollar amount for public/private loans to businesses for expansion and job creation. To date, the Division has received \$30 million in commitments and has held three regional training seminars for participating banks.

An on-going working relationship has been established with the Kansas Association of Certified Development Companies, and the Division has initiated contact with the Small Business Development Centers at the seven Regent's institutions. The purpose of these contacts has been to foster cooperation and coordination of the various small business assistance programs offered by the State and regional organizations. To further the cooperation between these and other economic development entities, the Division has initiated a state-wide meeting of these organizations which is scheduled for February 13, 1986, in McPherson.

Several proposals for innovative new programs have been initiated to assist small businesses in meeting the financial needs associated with expansion. Among these are the proposals for the new interim financing program that is included in the draft final statement of the 1986 CDBG Program and the proposal to establish a secondary market for fixed rate SBA Guaranteed Loans that has been incorporated into legislation for the 1986 legislative session. Both of these programs respond to recommendations included in the Interim Report on the Kansas Economic Development Study.

The Division has provided two \$40,000 matching grants to two Certified Development Companies as approved by the 1985 Kansas Legislature. One grant was to Nine County Development, Inc. of Pratt, and the other to

the Greater Southwest Kansas Certified Development Company of Garden City. Each matching grant to these organizations was matched on a dollar for dollar basis, and the organization had to demonstrate the need for such assistance and assure the achievement of a certain level of results in terms of job creation, amount of outside investment leveraged, and the level of fixed assets financed by the organization.

2. Performance Indicator Comparison

The following information provides a summary comparison between the proposed performance measures and actual Division accomplishments. A brief description of each measured accomplishment follows the comparative chart.

<u>Performance Measure</u>	<u>FY 86 Proposed</u>	<u>FY 86 Actual 12/31</u>
1. Number of training events attended by staff.	4	5
2. Response and completion of permit requests.	100%	100%
3. Number of technical assistance contacts for CDC/503 loans.	15	17
4. Number of seminars provided.	3	3
5. Amount of private investment generated (in millions).	\$5	\$15
6. Number of technical assist-contacts for small business (excludes CDC/503).	50	43
7. Field offices monitored and administratively supported.	2	2

Explanation:

1. The Small Business staff has attended five financial training events sponsored by the National Development Council (NDC). By the end of FY 86, the Division anticipates having all members of the staff complete at least through the third training course that comprises a total battery of four financial seminars offered by NDC.

Beyond the actual training events, the Division Director has attended two national small business conferences, one sponsored by the National Association of State Development Agencies, the other sponsored by the U.S. Small Business Administration Office of Advocacy.

2. The One-Stop Permitting office within the Division has responded to and completed 100% of the permitting requests made of the office. For the period of July 1 through December 31, the One-Stop office has responded to nearly 400 requests from businesses, individuals, and other organizations for licenses, permits, or tax related information available from the State.
3. The Division staff has provided 17 in-depth technical assistance contacts for the CDC 503 Loan Program. The staff discussed projects, reviewed financial information, and provided technical advice to these 17 small business projects. This assistance was provided by both the Topeka staff and the field staff.
4. Three seminars were held by the Division across the State to provide information on Kansas financing tools. These seminars were held in conjunction with the Lender Commitment Program to disseminate information to private sector lenders and to increase the awareness of small business financing mechanisms available.
5. The amount of private investment generated to date in the FY 86 program year is approximately \$15 million. This investment is the amount of outside funds provided through the economic development set-aside from the Community Development Block Grant Program.
6. The number of technical assistance contacts for small business includes only substantive contacts with businesses and projects and does not include brief inquiries about programs, sources of information, referrals, etc. As of December 31, the Division staff worked directly with businesses and communities in 43 business related projects.
7. The two western Kansas field offices have had the scope of their responsibilities expanded beyond their duties prior to the formation of the Small Business Development Division. Their duties include expanded capabilities to provide greater assistance in small business financing, and plans have been made to allow the field staff to assist in the monitoring of economic development projects in the CDBG Program. This performance measure does not effectively measure the utilization of the field offices because the field staff also provides assistance in other agency programs such as enterprise zones, tourism, PRIDE, Mainstreet, etc.

Another function of the Division is the administration of the state ceiling on Industrial Revenue Bonds. This activity does not clearly fit into one of the above performance measures but does require significant staff time to perform. In calendar year 1985, the Division processed 128 applications for an allocation from the state ceiling. Of these 128 applications, 103 of those were actually issued totaling \$313,810,798 or 88.5% of the total state ceiling on Industrial Revenue Bonds.

3. FY 1985 and FY 1986 Comparison

The Division of Small Business Development was created following the 1985 Legislative Session and began operating in FY 86. Therefore, there are no comparisons between the FY 85 program year and the FY 86 program year.

THE LENDER COMMITMENT PROGRAM

FACT SHEET

THE NEED

Kansas needs to promote the expansion of its economy and the creation of jobs. Historically, small and medium-sized businesses have created the "lion's share" of new jobs and economic activity in Kansas and they must continue to do so. Most small businesses need long-term financing to make expansion feasible. It is typically safer and more profitable, however, for banks to use short-term financing for their small and medium-sized commercial and industrial borrowers expansion or start-up needs. Consequently, there is the need for greater availability of reasonably priced long-term financing to maximize business expansion in Kansas.

A PROGRAM TO MEET THE NEED

The Lender Commitment Program seeks to meet this need by forging a public/private partnership that makes long-term, low down payment lending safe and profitable for banks. This is accomplished by using federal loan guarantees (such as the SBA 7 (a)) and federal subordinated mortgages (such as the SBA 503 Certified Development Company program) in conjunction with conventional private financing to minimize a bank's collateral and maturity risk. These programs are currently used in Kansas, but their effectiveness can be enhanced with a strong commitment from both the public and private sectors to maximize their use in encouraging business expansion and job creation.

THE COMMITMENT

The Lender Commitment Program formalizes the public sector's and private lenders' commitment to the goal of increasing the availability of long-term, low down payment financing for business expansion and solidifies their partnership to accomplish that goal. The program requires the state and the banks to commit themselves to accomplish certain objectives in order to meet this goal.

THE STATE'S COMMITMENT

For its part, the Kansas Department of Economic Development commits itself to accomplish the following objectives:

- To provide training through the KBA to banks' loan officers and middle managers in how to use the various federal loan guarantees and subordinated mortgages to meet their client's needs.
- To market the program to Kansas businesses.
- To coordinate the program with the local Certified Development Companies to make their assistance and expertise in screening applications, packaging deals, and filling out required forms available to their area's banks on an "as needed" basis.

- To work with the appropriate federal agencies to insure timely processing of loans.
- To act as an ombudsman and troubleshooter for banks should any problems arise in the packaging or processing of public/private deals.

THE BANK'S
COMMITMENT

Banks are asked to commit themselves to the following objectives:

- To commit a specific dollar amount to public/private loans to new and expanding businesses over the next 18 months. Banks are encouraged to commit an amount that is, historically, realistic in terms of their loans to business, but which assumes an aggressive marketing of this type of financing.
- To aggressively market the public/private loan programs that provide long-term financing to eligible customers.
- To designate a person to work with the KBA and KDED on implementation of the Lender Commitment Program in the bank.
- To send their loan officers to KBA sponsored Lender Commitment Program seminars.
- In no case is the bank asked to surrender credit decisions or make loans at less than market rates.

LENDER COMMITMENT
LOAN PROGRAMS

Loans counted under the program shall be in conjunction with one or more of the following:

- SBA 503 Subordinated Mortgages
- SBA 7A Guaranteed Loan Program
- Community Development Block Grant Economic Development Subordinated Mortgages
- HUD/UDAG Programs
- Conventional loans having the following minimum terms:

Real Estate	15 years
Machinery & Equipment	10 years (provided useful life is the same)
Working Capital	7 years

BENEFITS TO BANKS

- On all Lender Commitment Loans the banks are allowed to charge normal commitment and servicing fees.
- The guaranteed portion (typically 90%) of SBA 7(a) loans can be sold in the secondary market to "free up" the banks' capital.
- On all "subordinated mortgage" loans, the bank retains a first mortgage position while their loan typically covers only half the financing package.
- Generally, the Lender Commitment Program reduces bank risk, adds growing accounts and creates jobs that help the local economy.

BENEFITS TO BORROWERS

- Greater availability of long-term, low down payment loans for expansion.
- Interest rates that are typically lower than would be received without the inclusion of federal guarantee or subordinated mortgage provisions.

U. S. SMALL BUSINESS ADMINISTRATION 7(a) LOAN GUARANTEE

THE PROGRAM:

The SBA 7(a) bank loan guarantee program is the primary SBA mechanism for financing user owned or operated business expansions. It is used to provide long-term, low down-payment financing for a variety of needs, including fixed assets and working capital.

MONEY CAN BE USED FOR:

User financing (financing in which the borrower uses or occupies the assets purchased with the loan, i.e. developers are ineligible) of expansion costs and assets including:

<u>Purpose</u>	<u>Term</u>
Working Capital	up to 7 years, generally 5 years
Machinery and Equipment	up to 10 years, generally 5-7 years
Renovation, Remodeling, Leasehold Improvements	less than 10 years
New Construction & Land Acquisition	up to 20 years

SCOPE:

The SBA is authorized to guarantee from 70% to 90% of a \$550,000. loan. The loan can cover up to 100% of an expansion of an existing business and 70%-75% of start-up costs for a new business. The SBA will look more favorably, however, on requests that include an equity injection by the small business concern.

ELIGIBILITY:

For-profit businesses are eligible, subject to certain size standards that vary according to business types. Generally, the size standard guidelines are:

- . Retailer: Sales less than \$2 million
- . Service: Sales less than \$2 million
- . Wholesaler: Sales less than \$9.5 million
- . Manufacturer: Less than 250 jobs

Certain types of businesses are ineligible, including regulated monopolies, real estate investment, newspapers, publishers, broadcast media, and lending or investment institutions.

LOAN STRUCTURE:

<u>Percentage</u>	<u>Source</u>	<u>Security</u>
80-90%	Bank with 70-90% guarantee	First Mortgage & personal guarantee
10-20%	Equity from small business	
100 Profit	Concern	

The bank can charge fixed or floating interest, up to 2 3/4% over prime on loans over 7 years and up to 2 1/4% over prime for less than a 7 year loan. The bank may, also, charge up to a 1% servicing fee on loans exceeding 10 years and pass on an SBA fee of 1% on the guaranteed portion of the loan to the borrower. SBA 7(a) loan guarantees may be combined with other Lender Commitment Programs.

BORROWERS' ADVANTAGES:

Long term --- maturities up to 20 years and, therefore, lower debt service payments
Low down payment

BANK ADVANTAGES:

Low risk with up to 90% guaranteed
Guaranteed portion of loan is not considered a risk asset for regulatory purposes
Guaranteed portion of loan can be sold on the secondary market to increase bank's rate of return to 20-30% on such loans.

RETURN ON INVESTMENT IN ECONOMIC DEVELOPMENT

CHAPTER XVII - SBA 7(a) GUARANTEED SUBORDINATED MORTGAGE FINANCING

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RETURN ON INVESTMENT IN ECONOMIC DEVELOPMENT

CHAPTER XVII

SBA 7(a) GUARANTEED SUBORDINATED MORTGAGE FINANCING

A. INTRODUCTION

The Small Business Administration loan programs are designed to meet the needs of healthy, expanding small businesses. The work horse of SBA loan programs is the Section 7(a) bank loan guarantee program, which is similar to the EDA Title II Business Development loan program. A flexible tool, 7(a) loans can meet a variety of needs from working capital to construction of plant and purchase of equipment. The SBA can increase in inputed r by

- Increasing leverage by
 - decreasing perceived collateral risk
 - lowering debt service through longer maturities
 - circumventing legal lending limits of small banks (i.e. the SBA guaranteed portion of a loan is not considered a risk asset and therefore is not charged against a bank's legal lending limit).
 - Increasing a bank's rate of return on their loans through the use of the secondary market (See Section G below). The secondary market can increase the bank's rate of return to 20-30% on such loans. The high profitability can increase the bank's willingness to lend in such projects.

B. SBA, DEVELOPERS, OWNER-USERS, TENANTS

SBA financing is designed as "user-financing" (i.e. the user of the assets must be the borrower). A developer is not an eligible SBA borrower. Both owner-users and tenant-users are eligible borrowers.

C. SBA, XYZ, BOB SMART

Bob Smart, a developer, is not an eligible borrower because he is not the user of the assets. His tenant is the user.

D. SBA, XYZ, ABC

The commercial bank which has offered a \$600,000 first mortgage has said that it will restructure its offer to ABC as follows if the city packages an SBA guaranteed loan:

• First Mortgage (no guarantee) (10%, 20 years)	\$400,000
• Second Mortgage (90% SBA guarantee, 10%, 20 years)	500,000

The project now looks like the following:

1. Cost of Occupancy

Debt Service	
First Mortgage	\$ 46,000
(\$400,000, 10%, 20 years)	
Second Mortgage	58,000
(\$500,000, 10%, 20 years)	
Taxes (\$0.25 p.s.f.)	<u>25,000</u>
Total Cost	\$129,000

2. Down Payment \$100,000

3. Conclusion

ABC WILL NOT DO THE DEAL because the cost of occupancy would exceed the company's desire. Note that if the city had offered a partial tax abatement with the guarantee, the project would have been completed.

E. SBA 7(a) SPECIFICS

1. What is the 7(a) Loan Program?

The 7(a) Loan Program is an authorization of Congress designed to assist small business in financing its needs. Guaranteed loans are provided to supplement working capital or machinery and equipment, purchase a building, convert facilities, or construct or expand a facility.

2. Elizible Uses of Funds

- General Working Capital
- Debt Consolidation
 - If not a bail-out of a Lender and
 - If Lender's exposure is not reduced
- Acquisition of Machinery and Equipment
- Acquisition of Land and Building
- Renovation, Remolding/Construction of a Building
- Leasehold Improvements

3. Loan Amount

- . On a guarantee basis, SBA exposure may extend to \$500,000
 - . Ninety percent SBA guaranteed loan of \$550,000 is maximum lending authority of SBA
- . On a direct basis, SBA may lend up to \$150,000

4. Term

- . Working Capital Loans
 - . Generally as short as possible
 - . Generally 3-5 years
- . Machinery and Equipment
 - . Generally 5-7 years
- . Renovation/Remodeling/Leasehold
 - . Less than 10 years
- . New Construction and Land Acquisition
 - . Up to 20 years

5. Rates

- . Bank Rate:
 - . Maximum rate is determined periodically by the SBA depending on market rates of interest
- . Rate may be
 - . Fixed
 - . Semi-Fluctuating
 - . Pegged to constant differential over prime and adjusted quarterly, semi-annually, or annually.
- . Present maximum Bank Rate is 12%
- . SB! Direct Rate:
 - . Determined periodically depending on market conditions
 - . Present SBA Rate is 7 3/8% as of July 1979

6. Fees

. Bank

Bank should not charge SBC any fees on SBA guaranteed terms loans. Exceptions should be cleared through the district SBA office.

. SBA

SBA charges lender one-time guarantee fee of 1% of guaranteed portion on all term loans. This fee may be passed on to borrower.

- . SBA charges lender one-time ~~1/2~~ of 1% guarantee fee on guaranteed portion of line of credit loans.

7. Collateral and Security

- . SBA may require lender to adequately secure the loan guaranteed by SBA. Such collateral and security may include:

- . General Security Agreement and UCC Filing on all assets
- . Specific Chattel Mortgages
- . Specific Real Estate Mortgages
- . Assignment of Life Insurance on life of principals
- . Cross guarantees of affiliated SBCs.
- . Personal guarantees of principal of SBC
- . Negative pledge agreements
- . Other such collateral as deemed necessary

8. Ineligible Use of Proceeds - 7(a) Loans

. Paying Creditors

- . If it is a bail-out of creditors

. Paying Principals

. Speculation including

- . Wildcating in oil
- . Dealing in commodity futures
- . Purchasing and developing raw land for its future conversion
- . Construction of homes or other buildings for future sale

• Non-profit Institutions

If the applicant is a charitable institution or other non-profit enterprise. However, this provision shall not be construed to bar a loan to a cooperative provided it carries on a business activity for the purpose of obtaining pecuniary benefit for its members in the operation of their otherwise eligible small business concerns. Note: Consumer cooperatives are not eligible.

• Newspapers, Publishers, and Broadcasting Stations

Applicant is a newspaper, magazine, book publishing company, radio broadcasting company, television broadcasting company, or similar enterprise. Note: The reason for this prohibition is to avoid the possibility of accusation of Government infringement on freedom of the press and the communication of ideas and information which might tend to influence public opinion. "Similar enterprises" would include producers of educational, political or sociological films, publications, training aids or other material which could mold or influence public opinion. Note: Cable Television (CATV) applicants are eligible only if they have no live programs and less than 3,500 subscribers.

• Gambling

If any part of the annual gross income (including rental income) of the applicant (or of any of its principal owners) is derived from gambling activities, except in those cases where an otherwise eligible small business concern obtains less than one-third of its annual gross income (either at loan inception or during loan term) from:

1. Its income or commissions from the sale of official state lottery tickets under a state license, or
2. Its gambling activities in those states where such activities are legal within the state.

• Lending or Investment

If the loan is to provide funds to an enterprise primarily engaged in the business of lending or investing; or to any otherwise eligible enterprise for the purpose of financing investments not related or essential to the enterprise. Note: This would prohibit the granting of financial assistance to banks,

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life insurance companies, finance companies, factories, investment companies and other businesses whose stock in trade is money, and who are engaged in placing capital or laying out money in a way intended to secure profits from its employment. It would also prohibit loans to finance the construction, acquisition, conversion, or maintenance of any property real or personal, tangible or intangible, which is merely held by the owner for the income it may produce. While loans to fire and casualty insurance companies are eligible, SBA loans cannot be made to enable them to increase their capacity to write additional business since this can only be accomplished through an equity position, unsecured, and without any regular repayment schedule. SBA loans may be made for such purposes as purchasing or constructing a building in which to operate, acquire data processing equipment, etc.

• Real Property Held Primarily for Sale or Investment

If the purpose of the loan is to finance the acquisitions construction, improvement, or operation of real property which is, or is to be, held primarily for sale or investment. Loan proceeds may be used for the acquisition of an existing combined residential or rental space and business building, providing:

1. Such residential and/or rental space is less than 50% of the total space;
2. The building to be acquired is appropriate for the type of business in which the applicant is engaged; and
3. The location is conducive to the success of the business and no other facility is reasonably available..

Loan proceeds may not be used for the construction of any combined residential or rental space and business-type building, except where, because of the nature or location of the business, the applicant should reside in the same building. In these cases the residential space may not exceed 33-1/3 percent of the total space.

• Monopoly

.. e.g., utilities with monopolistic rights.

• Multi-Level Sales Distribution Plans

.. e.g., pyramid sales organizations

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. Relocation of a Business

If, where the relocation of an applicant's business is involved, it does not appear that the relocation will accomplish a sound business purpose.

1. Sound business purposes would include:

- a. consolidating operations in one location,
- b. locating closer to major consumers,
- c. avoiding unreasonable burdens upon operation of the business at its present location, or
- d. locating closer to a source of basic materials or transportation facilities.

2. Loans to finance relocation of a business should not be approved if:

- a. the move will cause serious unemployment in the present location.
- b. The move would nullify a labor union contract or a commitment to negotiate a collective bargaining agreement.
- c. The move may involve substantial loss or expense to either party to an effective outstanding lease.

The decision as to whether an applicant will be eligible should be made only after weighing all pertinent factors.

In all cases, SBA shall obtain from applicant's counsel a statement of all obligations or commitments of the applicant which will be affected by the relocation. Counsel's opinion also shall be obtained as to:

- a. The legal effect of said obligations and commitments upon the applicant, and
- b. What arrangements will be made to relieve applicant of any liability.

Applicant will be eligible for consideration of an SBA loan:

- a. If the weight of the evidence indicates that relocation is necessary to preserve the existence or permit the

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sound development of an otherwise eligible small business concern.

- b. If, according to the opinion of applicant's counsel, any existing commitments or obligations can be satisfactorily avoided.

Note: Relocation is not permitted under the economic opportunity loan (EOL) program if the relocation would result in an increase in unemployment in the area of original location.

F. SIZE STANDARDS FOR 7(a) LOAN

1. Construction Industry

Average annual receipts do not exceed \$9.5 million for preceding 3 fiscal years.

2. Retail Industry

Average annual receipts do not exceed \$2 million for preceding 3 fiscal years. (Size standards maximum in millions)

UTILIZE THE FOLLOWING TABLE FOR LARGER SIZE STANDARDS

Industry or Sub-Industry Code	Industry, subindustry, or class of product	Maximum, in Millions
MAJOR GROUP 52		
BUILDING MATERIALS, HARDWARE, GARDEN SUPPLY, AND MOBILE HOME DEALERS		
	5271 Mobile Home Dealers.....	\$3.5
MAJOR GROUP 53		
GENERAL MERCHANDISE STORES		
	5311 Department stores.....	7.5
	5331 Variety stores.....	3.0
MAJOR GROUP 51		
FOOD STORES		
	5411 Grocery Stores.....	7.5

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- . Engineering Services: Up to \$3.5 million in sales
- . Production, Generation, Transmission and Distribution of Electric Energy: Up to \$4 million megawatt hours
- . Cable Television Service: Up to \$3 million in sales

4. Shopping Centers Industry:

- . Assets up to \$8 million; Net worth up to \$4 million; Net profit after tax \$400,000; does not lease more than 25% of gross leasable space to non-SBC.

5. Transportation and Warehousing Industry:

- . Warehousing: Up to \$1.5 million in sales
- . Air Transportation: Up to 1000 employees
- . Grain Storage: Capacity less than 1 million bushels and sales up to \$1.5 million
- . Trucking: Up to \$6.5 million in sales

6. Wholesaling:

- . Up to \$9.5 million in sales or utilize the following table for larger size standards:

Industry or subindustry Code	Industry, Subindustry or Class of Product	Annual Receipts Size Standard (Maximum, in Millions)
------------------------------	---	--

MAJOR GROUP 50 - WHOLESALE - DURABLE GOODS

5012	Automobiles and motor vehicles.....	\$22.0
5014	Tires and tubs.....	22.0
5023(a)	Home furnishings, floor coverings.....	14.5
5031	Construction materials, N.E.C.	14.5
5041	Sporting and recreational goods and supplies.....	14.5
5042	Toys and hobby goods and supplies..	14.5
5051(a)	Metals services centers.....	14.5
5052(b)	Metals sales offices.....	22.0
5052(a)	Coal.....	14.5
5063	Electrical apparatus and equipment, wiring supplies, and construction materials.....	22.0
5064	Electrical appliances, television, and radio sets.....	14.5
5081	Commercial machines and equipment.....	22.0

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5423(a) Meat markets (a part of meat and fish (seafood) markets)..... 7.5

MAJOR GROUP 55 AUTOMOTIVE DEALERS AND GASOLINE SERVICE STATIONS

5511 Motor vehicle dealers (new and used)..... 6.5
5521 Motor vehicle dealers (used only)..... 6.5
5599(a) Aircraft (a part of automotive dealers, n.c.c.)..... 5.0

MAJOR GROUP 56 APPAREL AND ACCESSORY STORES

5611 Men's and boys; clothing and furnishings stores..... 2.5
5621 Women's ready-to-wear stores..... 2.5
5651 Family clothing stores..... 2.5
5661 Shoe Stores..... 2.5

MAJOR GROUP 57 - FURNITURE, HOME FURNISHINGS, AND EQUIPMENT STORES

5722 Household appliance stores..... 2.5
5732 Radio and television stores..... 2.5

MAJOR GROUP 59 MISCELLANEOUS RETAIL

5961 Mail order houses..... 7.5

3. Service Industry

- . General Rule: Annual Receipts do not exceed \$2 million
- . Hotel and Motel: Up to \$3 million in sales
- . Power Laundry: Up to \$3 million in sales
- . Trailer Courts and Parks: Up to \$1.5 million in sales
(Provided average stay at court or park is less than 30 days).
- . Hospital: Up to 150 beds
- . Nursing and Convalescent Home: Up to \$1.5 million in sales
- . Medical or Dental Lab: Up to \$1.5 million in sales
- . Motion Picture Production: Up to \$8 million in sales

5082 Construction and mining machinery and equipment.....	14.5
5083 Farm and garden machinery and equipment	22.0
5084 Industrial machinery and equipment.....	14.5
5085 Industrial supplies.....	14.5

MAJOR GROUP 51 - WHOLESALE TRADE - NONDURABLE GOODS

5111 Printing and writing paper.....	14.5
5113 Industrial and personal service paper	22.0
5122 Drugs, drug proprietaries and druggists' sundries	14.5
5133 Piece goods (woven fabrics).....	14.5
5134 Notions and other dry goods.....	14.5
5139 Footwear.....	14.5
5141 Groceries, general line.....	22.0
5142 Frozen foods.....	22.0
5143 Dairy products.....	14.5
5147 Meats and meat products.....	14.5
5149 Groceries and related products N.E.C.	14.5
5152 Cotton.....	22.0
5153 Grain.....	14.5
5154 Livestock.....	14.5
5161 Chemicals and allied products.....	22.0
5171 Petroleum bulk stations and terminals.....	22.0
5172 Petroleum and petroleum products wholesalers, except bulk stations and terminals.....	22.0
5162 Wines and distilled alcoholic beverages.....	22.0
5194 Tobacco and tobacco products.....	14.5
5198 Paints, varnishes, and supplies....	22.0

. Agriculture Production:

. Up to \$1,000,000 in sales

. Size Standard Variances

. Size standards for industries located within
identified labor surplus areas are 25%
greater than those listed above.

G. SECONDARY MARKET

1. The Secondary Market is the market place into which a lender may sell the guaranteed portion of an SBA loan. It is a well established market place which transacts \$500-600 million of sales annually.

2. The essence of the secondary market is that it allows a bank to
 - Make 20-30% rate of return on its invested dollars
 - Sell the major portion of the long-term loan portfolio into the long-term capital market. It can service its customers' long-term needs without becoming saddled with a major long-term portfolio.

3. The Process
 - A bank fully disburses a 90% SBA-guaranteed loan, including
 - Paying the guarantee fee
 - Securing the collateral as authorized
 - Obtaining Opinion of Counsel

The loan carries a market rate of interest (say 12%)

 - The bank sells the 90% guaranteed portion into the long-term capital market through its own devices or through a broker.
 - The purchaser (generally a pension fund, small bank, credit union or individual etc.) of the 90% guaranteed portion is buying a 100% full faith and credit instrument of the U.S. government. The market is willing to purchase the full faith and credit instrument at below market rate of interest (say 10%).
 - The lender and the broker share the differential between the market-rate loan and the below-market-rate purchase of the guaranteed portion.

4. Example # 12: Secondary Market Transaction

The following example is a simplified approximation of a secondary market sale. It will ignore the principal amortization, guarantee fees, checking account balances, etc.

Bank "A" makes a \$100,000 90% SBA-guaranteed loan for 15 years at 12% rate of interest. It sells it into the secondary market at 10½%. In the first year, the following will occur:

Collect interest from borrower	\$12,000
(\$100,000, 12%)	
Pay interest to Secondary market purchase (\$90,000, 10½%)	<u>9,225</u>
Return to Bank to cover its \$10,000 retained portion	<u>\$ 2,775</u>
Rate of Return	27.75%

In reality, the rate will be somewhat less due to the guarantee fee and declining principal balance. Once idle cash balances are added back in, however, the rate will remain in the 25-30% area.

H. SBA 7(a) LOANS: BENEFITS AND PROBLEMS

1. Benefits

- Increases the amount of financing available on a project (increases leverage) for the reasons discussed in Section A of this chapter.
- Rate of return is very attractive to lenders when they use secondary market.
- Liquidity of secondary market gives lenders more confidence to make long-term loans which can be sold into secondary market.
- Is flexible financing tool

2. Problems

- Size standards can be restrictive and confusing
- Section 7(a) loans may not be made when credit "on reasonable terms and conditions is otherwise available". This has been interpreted to mean that if the principals of a business have a strong

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personal balance sheet, they must liquidate their personal net worth and invest it in the business to allow SBA approval. This restricts the SBA's assistance to somewhat marginal businesses.

- Because eligible borrowers must be the users of the financing, it is difficult to use SBA financing in a developer-spear-headed project.
- SBA guarantees may not be used with an IRB.

I. 7(a) CRITERIA CHECKLIST

<u>TYPE OF FINANCING:</u>	User
<u>LENDER:</u>	Regulated Financial Institution
<u>GUARANTEE AMOUNT:</u>	70%-90% guarantee of loan from financial institution to eligible SBC.
<u>LOAN AMOUNT:</u>	SBA may provide a guarantee up to \$500,000 per SBC.
<u>USE OF PROCEEDS:</u>	Working Capital and/or Fixed Assets
<u>TERM OF LOAN:</u>	Working Capital: Up to 7 years M&E: Up to 10 years Real Estate: Up to 25 years
<u>RATE OF INTEREST:</u>	<u>Over 7 Years</u> Up to 2 3/4% over Prime Fixed or Floating (Quarterly, Semi-Annually, Annually) <u>Under 7 Years</u> Up to 2 1/4% over Prime
<u>% FINANCING AVAILABLE:</u>	Existing Business: Up to 100% Start-up Business: 70-75%
<u>DOWNPAYMENT:</u>	0-30%
<u>TYPICAL STRUCTURE:</u>	80-90% Bank with 70-90% guarantee 10-20% Equity from SBC 100% Project Cost

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<u>CREDIT CRITERIA:</u>	<ul style="list-style-type: none"> . CF > D/S . Collateral sufficient to secure loan
<u>COLLATERAL:</u>	<ul style="list-style-type: none"> . As much as possible . General Security Agreement . Lien on all assets
<u>PERSONAL GUARANTEES:</u>	Yes
<u>PERSONAL N/W AND OUTSIDE ASSETS</u>	May be required to be liquidated and invested into the SBC.
<u>KEY-MAN/WOMAN LIFE INSURANCE</u>	Generally yes.
<u>SIZE STANDARDS</u>	Retail: Sales \leq \$2.0 million Service: Sales \leq \$2.0 million Wholesale: Sales \leq \$9.5 million Construction: Sales \leq \$2.0 million Manufacturing: Employees \leq 250. 25% Variance if in labor surplus area.
<u>ELIGIBLE BUSINESSES:</u>	Operating, for-profit businesses
<u>INELIGIBLE BUSINESSES:</u>	<ul style="list-style-type: none"> . Passive income companies . Real Estate companies . Developers/Landlords . Financial Institutions . Unregulated media firms . Not-for-profit businesses
<u>ELIGIBLE AREAS</u>	All

<u>JOB CREATION CRITERIA:</u>	None
<u>TAX-EXEMPT:</u>	May not guarantee tax-exempt
<u>ALTER-EGO:</u>	Must be <u>identical</u> to SBC
<u>FEES:</u>	<p>1% fee on guaranteed portion of loan charged to lender and passed onto borrower.</p> <p>Up to 1% servicing fee on loans with maturities exceeding 10 years may be charged to borrower by lender.</p> <p>No other fees or compensating balances permitted.</p>
<u>MIX & MATCH:</u>	<ul style="list-style-type: none"> . 7(a) + 502 = \$1.0 million guarantee . 7(a) + 503 = \$1.0 million guarantee and subordinated mortgage . Permissible to use with all HUD, FmHA, EDA loan programs

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
URBAN DEVELOPMENT ACTION GRANT

THE PROGRAM:

HUD Urban Development Action Grants (UDAG) provide low interest, second mortgage financing for commercial and industrial projects, including those of very large size. Action Grants fill financing gaps when available private financing is insufficient; they can also be used to make project costs in eligible Kansas cities competitive with those in lower-cost locations.

MONEY CAN BE USED FOR:

Any project resulting in new private sector development, including:

- Site clearance and improvements
- Infrastructure development or rehabilitation
- Purchase of buildings idle more than six months
- Construction or renovation of commercial, industrial or residential structures
- Machinery and equipment with useful life greater than five years

SCOPE:

There is no maximum project size. Application generally takes six to eight weeks; approval, eight weeks. Projects should generally be over \$150,000. An Action Grant covers from 15% to 30% of the project costs. A minimum of one job must be created or retained with every \$10,000 of UDAG funds; \$5,000 to \$6,000 per job is competitive. New jobs are weighted more heavily than retained jobs.

ELIGIBILITY:

UDAG projects must be located in "potentially eligible" cities. Eligibility information may be obtained from the Kansas Department of Economic Development. Projects must demonstrate a need for public financing, i.e., that without UDAG funds the project would have insufficient financing or an insufficient rate of return.

LOAN STRUCTURE:

<u>Percentage</u>	<u>Source</u>	<u>Security</u>
70%-85%	Minimum private investment	First mortgage
15%-30%	UDAG	Second mortgage

Interest rates range from 3% to 10%. Loan maturity parallels the first mortgage.

UDAG funds are used directly by local governments to provide public improvements, or they may be loaned to private businesses. Proposals must have firm private commitments for at least \$2.50 or private investment funds for every \$1.00 of UDAG funds. UDAG can also be combined with other public funding sources.

PROCESS:

Cities may apply for as many Action Grants as they have development opportunities. Businesses should work with local officials to develop applications. Project applications are accepted quarterly, and funding decisions are made within sixty days after the deadline for receipt of application.

BORROWER ADVANTAGES:

Low interest rates

Augments private financing

Permits competition with firms or alternate sites in lower cost areas

BANK ADVANTAGES:

Greater security - UDAG subordinates its lien position to the lead lender

MUNICIPAL ADVANTAGES:

UDAG principal recaptured by local government; may capitalize municipal revolving development loan funds, among other purposes

DRAFT

FEDERAL LOAN PROGRAMS

URBAN DEVELOPMENT ACTION GRANTS

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FEDERAL LOAN PROGRAMS

URBAN DEVELOPMENT ACTION GRANTS (UDAGS)

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FEDERAL LOAN PROGRAMSURBAN DEVELOPMENT ACTION GRANTS (UDAGS)**A. UDAG: A COMMUNITY'S ECONOMIC DEVELOPMENT ENDOWMENT FUND**

Urban Development Action Grants (UDAGs) provide flexible, incentive, "gap-filler" financing to developers and businesses who create jobs and tax base in a distressed community. A UDAG is a competitively awarded grant from HUD to a distressed community for use in a specific project. The community typically uses these funds to make a low-interest subordinated mortgage loan to a developer or business who has a feasible economic development project. The UDAG proceeds must be used for the acquisition of fixed assets and the attendant soft costs. The developer or business repays the mortgage to the community over the agreed upon term of the loan (see attached Flow Chart). The community may reuse these funds for any eligible HUD Community Development activity. Through repayment and reuse of the UDAG loan, a community is able to endow its future community development and economic development activities with an assured source of revenue.

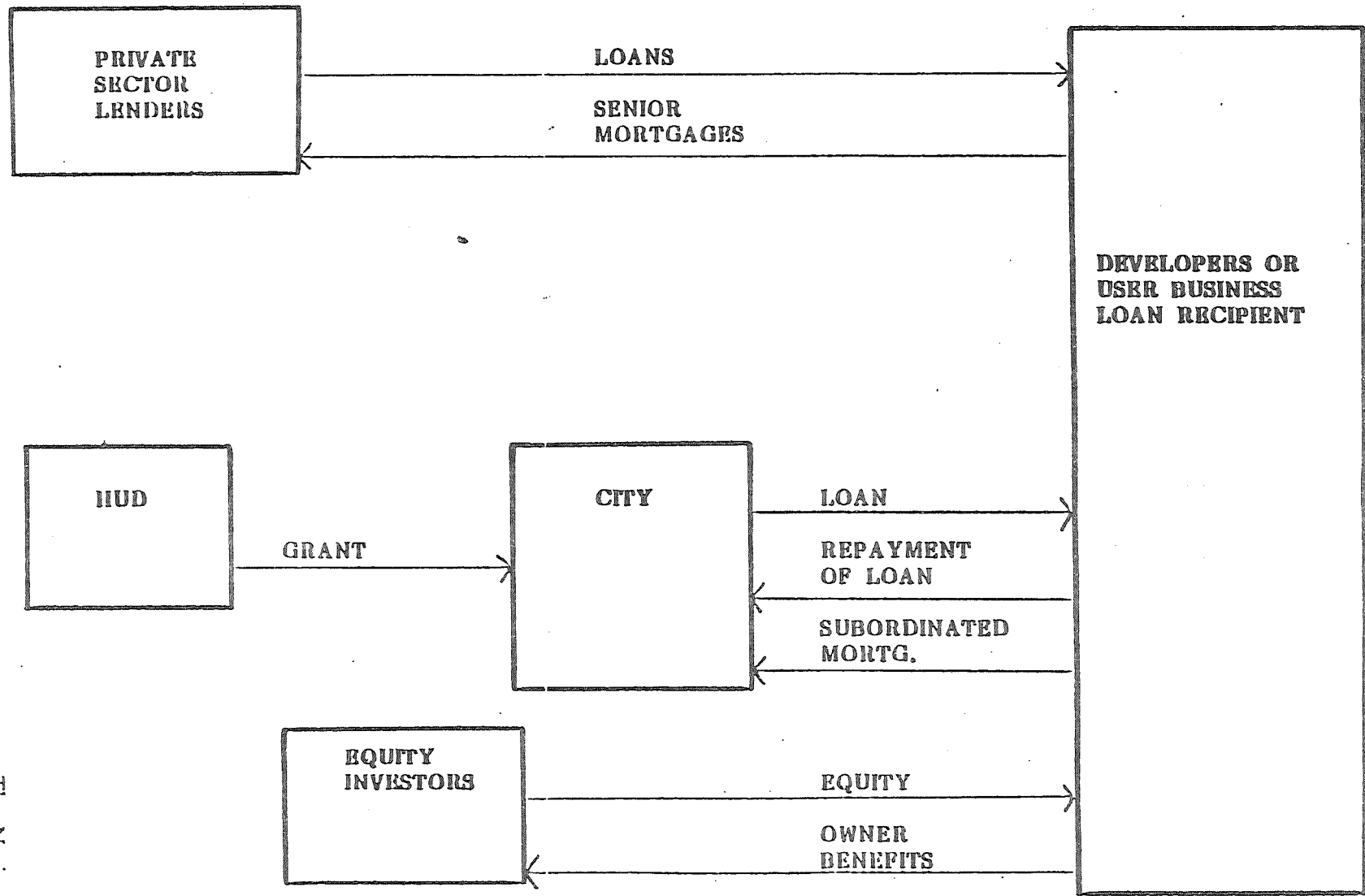
B. UDAG: THE MYSTERIOUS FINANCING TOOLS

UDAGs have always seemed a bit mystical to the infrequent user for several reasons. First, a UDAG is half grant, half loan. UDAG is a grant to a city, but it becomes a loan to a borrower. Second, UDAG as a program has been evolving since its inception. What may have been commonplace last year may be a bit unusual this year. Third, UDAGs are competitively awarded. As the economy moves through a business cycle, seasons change, the tax laws are revised, the cost of money changes etc., the competitive factors change. What was uncompetitive in another quarter may be competitive in this quarter. Fourth, the level of distress of the UDAG applicant city enters into the competitive evaluation process. If two projects are nearly identical, the project in the more distressed city might be approved while the less distressed community's application might be declined. Fifth, applications from entitlement and non-entitlement communities are evaluated separately. What is competitive in a non-entitlement community may be uncompetitive in an entitlement community. Sixth, UDAGs are negotiated and renegotiated up to the moment they are awarded. Because there are no absolutes, a UDAG seems like a moving target. Because negotiation is such a personal art form, one UDAG staff person may "cut a deal" somewhat differently than another UDAG staffer. Finally, the language of UDAG is somewhat specialized. UDAG staff use a vocabulary much more akin to "developerese" than to "Washingtonese" or "bureaucratese." Similar to the way in which city governments find developers rather mystical, they find UDAG rather puzzling.

In reality, however, as soon as the applicant City learns to live with the rather unsettled nature of the application process, the UDAG can be seen in its true form. UDAG today is the single most effective economic development financing tool available to distressed cities. UDAGs account for a major share of all

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UDAG FLOW CHART



commercial revitalization and industrial reinvestment occurring in distressed areas. UDAGs, in the final analysis, are incentives offered in the form of straightforward subordinated mortgage loans and quasi-equity investments. It is because of their flexibility and negotiable nature that UDAGs make deals happen. The aggressive City, whether large or small, can get its fair share. The tiny community of Hudson, New York (population approximately 12,000) has received more than a dozen UDAGs, more than several of America's largest, albeit stodgier, metropolises. The eligible City that fails to compete for UDAGs is a city giving away jobs, tax base, and its future economic development endowment funds.

C. A TYPICAL UDAG PROJECT

A UDAG project should create permanent private sector jobs for low and moderate income persons, tax base for the community, and leverage private sector investment. The UDAG can be used only for fixed assets and attendant soft costs. The borrower is typically a developer or owner-user, but there are almost no restrictions on the eligibility and form of the borrower. Because of the job creation criteria, UDAGs typically are subordinated mortgages in commercial and industrial projects; residential projects are infrequent UDAG award recipients. Due to the tax generation criteria, UDAG projects seldom are tax-abated. UDAG wants to see a community's tax rolls rise, not decrease. Because of the leverage of private sector investment requirements, UDAG projects are not so speculative, that they cannot attract private sector investment. The projects must be based upon real feasibility.

UDAG was created to attract and stimulate private sector investment which would not otherwise be forthcoming without ("But For") UDAG participation. In the UDAG application, the City must demonstrate the need for the UDAG in the form of simple "But For" letters from lenders, investors, and owner/developers, stating they will not go forward without the UDAG. The "But For" letters must document and quantify the disincentives impeding a project. Typically, a project will not go forward because a loan gap exists without a UDAG loan, the return on investment is inadequate to attract sufficient equity without UDAG incentives, or the project would be less expensive to build outside the UDAG eligible area. The "But For" statements become the basis of negotiating the rate and term of the UDAG loan in accordance with the documented need of the project.

The typical UDAG project then, will be a project in which a developer or owner-user intends to acquire, renovate, or construct and equip a commercial or industrial building for lease or use. The UDAG will be a junior mortgage subordinated to a private sector senior mortgage with the rate and term of the UDAG loan negotiated based upon the project's need. In addition, equity may have been raised through a limited partnership or syndication by "selling" the depreciation to wealthy individuals. The developer, tenants, or owner-user will employ some lower skilled (low and moderate income persons) labor on the project site. As a result of the project going forward, the community's tax base will rise.

D. COMMUNITY ELIGIBILITY

To be a UDAG eligible community, the city must be economically and physically distressed and be able to demonstrate meeting certain standards for equal employment and housing opportunity. There are five distress factors. Both entitlement and non-entitlement communities must meet three of the five factors provided the community's poverty level is not less than half the minimum standard, in which case the community must meet four of the distress factors.

<u>DISTRESS FACTOR</u>	<u>ENTITLEMENT</u>	<u>NON-ENTITLEMENT</u>
<u>Age of Housing</u>	Same as Non-entitlement	At least 33.98% must have been constructed prior to 1940
<u>Per Capita Income</u>	Same as Non-entitlement	The net increase in per capita income for the period 1969-77 must have been \$2,683 or less
<u>Population Lag/Decline</u>	For the period 1970-80, the percentage rate of population growth must have been 19.82% or less	For the period 1970-80 the percentage rate of population growth must have been 1.04% or less
<u>Job Lag/Decline</u>	The rate of growth in retail and manufacturing employment for 1972-77 must have been 6.75% or less. Unemployment in 1981 must have been greater than 7.24%.	The growth in retail and manufacturing employment for 1972-77 must have been 6.75% or less.
<u>Poverty</u>	Same as non-entitlement	The percentage of persons within the applicant's jurisdiction at or below the poverty level must be 10.87% or more.

In addition to being distressed, the community must demonstrate results in providing equal employment and housing opportunity. To demonstrate results in providing equal employment opportunity the city must prepare a basic statement which evidences that minorities are equitably represented within and throughout the local government's workforce. Minorities as a percentage of the community's total workforce must be equitably represented within the city workforce; in addition, they must be represented throughout the workforce at all salary levels. If the workforce does not "generally reflect" reasonable representation, (i.e., full time minority employment in government must equal or exceed the minority

percentage in the city or SMSA) the community must demonstrate "significant progress" in making employment opportunity generally available. To meet the "significant progress" test the permanent minority employees hired by the city in the last two years must equal or exceed the percentage of minorities in the population of the city or SMSA as a whole. In cities with less than 5% or more than 60% minority population, the city need not meet these tests, but rather provide a narrative outlining its efforts to meet the tests.

Equal opportunity in housing is the other standard which a community must meet in order to be UDAG eligible. To meet this standard, the city must demonstrate that the city has attained an equitable rate of occupancy by minority households in publicly assisted housing units and that minority households have been given and exercised opportunities to occupy publicly assisted housing outside areas of minority concentration.

E. AWARD CYCLES

UDAGs are competitively awarded on a quarterly basis. CDBG entitlement communities receive awards on a calendar quarter basis (i.e., at the end of March, June, September, December). Non-entitlement communities are lagged one month (i.e., at the end of April, July, October, and January). In order to receive an award in any one quarter, the formal application must be filed with the HUD area office 60 days prior to the award date. In order to make the 60 day date, a community should initiate packaging a UDAG at least 30 days before the formal application date to be certain of completing all the time-consuming tasks (see Section W below for a description of the application steps). In emergencies, an application can be prepared in about two weeks.

Entitlement community and non-entitlement community applications are evaluated and awarded separately. Non-entitlement communities historically have utilized the UDAG program less intensively than entitlement communities. Because the availability of funds for small cities has never been pressed, the competitive criteria are easier to meet in small cities. Small communities should consider all relevant development projects as potential UDAGs.

F. THE COMPETITIVE CRITERIA

UDAG evaluates the competitiveness of a project based upon the following criteria:

Distress of the Community

Distress is a very important factor. A highly distressed city can submit and receive an award for a project which is weaker in the three basic competitive criteria (jobs, taxes, leverage).

Recapture of UDAG by the Community

The UDAG must be recyclable or recaptured by means of repayment by the borrower. In essence, this factor is no longer used to judge competitiveness, it is a minimum requirement.

Leverage of Private Sector Investment

The UDAG should serve as a catalyst triggering substantial private sector investment. By law, the UDAG must trigger at least \$2.50 of private sector investment for every \$1.00 of UDAG. In practicality, to be competitive in entitlement communities, the UDAG should trigger more than \$3.50 of private sector investment for every \$1.00 of UDAG. In non-entitlement communities, the UDAG should trigger more than \$3.00 of private sector investment for every \$1.00 of UDAG. The overall UDAG leverage ratio for all types of projects is 6:1 (see Section I below for full discussion).

Job Creation for Low and Moderate Income Persons

The UDAG should create (not retain) new private sector jobs in or near the UDAG recipient community. A majority of these jobs must be eligible for low and moderate income persons. To be competitive, the cost per job should not exceed \$5,000-\$10,000 of UDAG per new job created. Highly distressed cities can exceed this criteria. The occasional residential UDAG never meets this criteria. Job retention projects typically are not eligible for UDAG (see Section H below for full discussion).

Tax Base Generation

A UDAG should enhance a community's tax base. Presently, HUD expects the UDAG recipient community to generate \$0.10 of new taxes per annum for every dollar of UDAG (see Section J below for full discussion).

Additional Criteria

Projects which foster minority entrepreneurship, renovate historic structures, and involve other state and local public sector investment receive extra weight in their "competitiveness" factors.

The above criteria are only rules of thumb; many exceptions exist. Any project weak in one factor may be approved if other factors are strong. Competitiveness changes quickly. Communities should explore the possibility of all economic development projects with the local HUD office. Communities miss UDAG opportunities because they believe the competitive factors are tougher than they actually are.

G. PROGRAM PARAMETERS

Because every UDAG is unique, it is difficult, perhaps even hazardous, to try to stereo type UDAG as a loan program. The reader should be aware that the parameters contained within this section are rule of thumbs and not firm criteria:

1. ANNUAL APPROPRIATION

For fiscal 1983, the UDAG appropriation is \$440 million.

2. TYPE OF FINANCING

UDAGs may be used for both developer and user deals.

3. HOW IT OPERATES

The UDAG is a grant from HUD to a City government. The City uses the UDAG as a loan to a developer or business.

4. BORROWER

UDAG can accommodate almost any type of private sector borrower. Developers, owner-users, not-for-profit organizations, quasi-public corporations, limited partnerships, general partnerships, proprietorships, community organizations, business organizations, etc. can be the UDAG loan recipient.

5. MAXIMUM LOAN AMOUNT

There are no maximums or minimums in UDAG. The amount of the UDAG is determined by the need (the "gap") and by the competitive factors (jobs, taxes, leverage). Typically UDAGs vary from 15-28% of a total project cost. Projects whose total cost is less than \$100,000 may not be feasible UDAGs.

6. USE OF PROCEEDS

The UDAG loan may be used to acquire fixed assets whose useful life exceeds 7 years, and to pay the attendant soft costs such as architectural, engineering and survey fees, cost of installation, bond counsel fees, etc. Fixed assets may include:

- . Acquisition of real estate
- . Construction and renovation of real estate
- . Purchase of machinery and equipment which is generally affixed to the real estate
- . Substantial leasehold improvements

The UDAG loan may also be used for construction financing.

7. TERM OF LOAN

The term of the UDAG loan is determined by the need of the project and by the term of other lenders in the project. Typically the UDAG term will not exceed the term on the first mortgage. "IRB Specials" may carry a term as short as five years. Balloon mortgages are permitted; if the first mortgage lender has a balloon, the UDAG loan may carry a balloon.

8. RATE OF INTEREST

Typically, the UDAG rates are well below market rates of interest in the early years of repayment. Rate however, should be determined by the need of the project and by the competitive factors. Rates seldom exceed IRB or Treasury Bond rates. A higher rate UDAG loan will have a higher leverage because there is less public sector subsidy. Often a UDAG loan will carry a deferral or moratorium of debt service (interest, however, probably should be accruing). UDAG loans often are structured with increasing rates in later years or a participation in cash flow as a project becomes better able to pay near market rates of interest (see Section M "Participations" for a full discussion of the type of UDAG participations).

9. COLLATERAL AND GUARANTEES

The UDAG loan is typically secured by a subordinated mortgage on the real estate and machinery and equipment purchased with the loan proceeds. In owner-user deals, UDAG probably will require personal guarantees. In syndicated projects, non-recourse debt is usually acceptable.

10. TYPICAL STRUCTURE

UDAG structures vary widely. A common structure, however, may look like the following:

First Mortgage (Conventional or IRB)	50-75%
UDAG Second Mortgage	15-25%
Equity	0-30%
	<u>100%</u>

11. % FINANCING AVAILABLE TO BORROWER

Combining the first mortgage and the UDAG second mortgage together, a borrower may receive 70-100% financing. In owner-user deals, the percentage financing can be near the higher end if the need can be demonstrated. In developer deals, where syndication is an option, the developer typically is required to provide 15-30% equity depending on the value of the tax benefits to the investors.

12. ELIGIBLE AREAS

In UDAG eligible cities, the UDAG proceeds may be used anywhere within the city limits. In limited situations, the UDAG proceeds can be used outside of the city limits provided the direct benefits (jobs and taxes) can be traced back to the city. In pockets-of-poverty UDAG cities, the UDAG proceeds must be used within the pocket or immediately adjacent to the pocket.

13. BORROWER SIZE STANDARDS

There are no size standards. All size businesses can qualify for a UDAG.

14. UDAGS WITH TAX EXEMPT IRBS

UDAG permits and encourages the use of UDAGs with IRBs (see Section Q "IRB Specials" below).

15. MIX AND MATCH WITH OTHER PUBLIC SECTOR FUNDS

UDAG permits and encourages UDAG applications to participate with other public sector funds including SBA 503, state loan and grant funds, etc. To calculate leverage, however, UDAG will discount these funds to their net present value based upon the implied public sector subsidy of the project.

16. CONSTRUCTION FINANCING

UDAG loans typically are part of a project's permanent financing. They may, however, also be used during construction. If the UDAG is to be used during the construction period, UDAG draws may be made on a prorata basis in accordance with the leverage ratio for the project. If the leverage ratio is \$4:\$1, a UDAG draw of \$1.00 may be made for every \$5.00 of total progress payment invoices.

17. TURNAROUND TIME

A UDAG award can be made within 60-90 days from the initiation of the application process. Normally, it takes about 30 days to put together a complete application including the public hearings and City Council resolution. The actual application writing is simple

and short. Time is consumed by the publishing of the notice of the public hearing and several "readings" of the Council Resolution. A UDAG commitment will be made within 60 days after the formal application date. During the 60 day period, the UDAG staff will meet with the city and the borrower in a formal presentation. Subsequent to the formal presentation, the UDAG staff will be in constant telephone contact to verify, clarify, and negotiate details of the projects.

18. PARTICIPATIONS AND RESIDUALS

Because of the near or quasi-equity nature of the UDAG loan, the UDAG staff often will require the borrower to grant the City a participation in the "Up-Side" potential of the project. This typically consists of a share in cash flow after a developer receives a minimal cash-on-cash return (usually 12-18%) and a share in net refinance and net sale proceeds should the project appreciate in value. In owner-user deals, a participation in cash flow and a share in the residuals are not required (see Section M for a full discussion).

19. REGULATIONS

Operationally, the major regulations by which UDAGs must abide are the following:

- . At least one public hearing on the project must be conducted.
- . City Council must adopt a resolution endorsing the project and authorizing the Mayor (or City Manager) to make application for the UDAG grant.
- . An environmental assessment must be conducted.
- . Davis-Bacon prevailing wage rates apply in projects where proceeds of the UDAG are allocated to construction of the project.

H. JOB CREATION CRITERIA

UDAGs are intended to create permanent private sector jobs, a majority of which must be eligible for low and moderate income persons. The more jobs created per UDAG dollar invested, the more competitive a project will be. Under present conditions, one new permanent private sector job should be created for every \$5,000-\$10,000 of UDAG. Entitlement communities should be nearer the lower end of the range; non-entitlement communities can be nearer the higher end of the spectrum. Highly distressed cities can exceed the range. The job creation formula is the following:

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JOB CREATION CRITERIA: \$ UDAG GRANT
 \$ JOBS CREATED

The jobs in the denominator should include only jobs created, not jobs retained. While the UDAG staff is cognizant of the importance of job retention, it is a very unusual situation in which jobs retained may be used in the formula. The number of jobs created, however, can include a reasonable estimate of jobs to be created over the near term (say 18-36 months). The borrower will be required to sign an employment letter in which he/she commits to creating a specific number of jobs over a specific period of time. While enforcement is extremely difficult, the UDAG staff is looking for the borrower to commit himself/herself in writing.

While jobs retained normally cannot be counted, the UDAG staff will allow job creation credit for leasable space in a project for which no tenant or user has yet been identified. While rules of thumb vary for specific project uses, office space typically provides one job for each 250 sq. ft. of leasable commercial space while retail space provides one job for every 300-500 sq. ft. of space. Industrial space is extremely difficult to quantify because job creation depends more on the "labor intensiveness" of the manufacturing process than on the number of square feet occupied. Generally, UDAG will assume that 40% of the potential jobs moving into the unleased space will be jobs relocating from another part of the city. They will discount those jobs by 40%. To determine the jobs creation credit take 60% of the unleased square footage and divide it by the job creation factor (1 job for 250 or 500 sq. ft., etc.).

UDAG will also count any verifiable jobs being created in the location being vacated by a business which is moving into the UDAG project if the vacated space is located within the UDAG community. The business moving into the vacated location will be requested to provide a letter stating the number of jobs it is creating.

While job creation is the major thrust of the job competitiveness factor, there are several situations in which the job cost guideline can be exceeded. First, highly distressed communities can exceed the guideline. Second, occasionally job retention can be counted if it can be demonstrated beyond a reasonable doubt that the jobs will leave the city if the UDAG is not approved. Finally, while housing UDAGs are atypical, they nevertheless do exist. Housing UDAGs cost per job may be ten-fold higher than the \$5,000-\$10,000 range. Housing UDAGs are not HUD's favorite type of deal.

L. THE LEVERAGE CRITERIA

UDAG serves as a catalyst to trigger private sector investment into fixed assets in a community. If there is no private sector investment, there will be no UDAG. By law, each UDAG dollar must leverage at least \$2.50 of private sector fixed asset investment. In reality, to be competitive, the UDAG should leverage at least \$3.00 of private sector investment in non-entitlement communities and at least \$3.50 of private sector investment in entitlement communities. UDAG's overall leverage ratio is 6:1. The leverage formula, hypothetically is:

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LEVERAGE CRITERIA: \$ PRIVATE INVESTMENT
\$ UDAG GRANT

In the denominator (bottom), the UDAG staff will count the face amount of the UDAG grant. In the numerator (top), UDAG will count a variety of investments including the following:

- . Conventional private sector mortgages
- . Purchase money mortgages
- . IRBs
- . Equity invested by owners, businesses, general partners, limited partners, and other third parties.
- . Loans made by public sector agencies to private sector participants in the project. These loans (including the UDAG loan) will be discounted to their net present value.
- . Other private sector investment which is triggered by the UDAG.

To be counted in the numerator, the investment must be made into fixed assets or the attendant soft costs including:

- . Acquisition of real estate
- . New construction
- . Renovation
- . Machinery and equipment (M&E)

The economic life of the fixed assets must be at least 7 years and should be affixed to the real estate (some M&E need not meet this last test).

Loans (including the UDAG loans) made by public sector agencies (including HUD) to private sector participants in the project may be counted as private sector leverage by discounting these loans to their net present value. In reality, these loans do represent the commitment of the private sector to invest in the project in the future. Like any debt reduction, repaying principal on a loan from a public agency (including UDAG) is accomplished by replacing debt with owner's equity (generally retained earnings). The annual principal reduction is similar to a downpayment in future years. Because a public sector loan typically carries a below market rate of interest, however, there is an implied public sector subsidy in the loan. The amount of "subsidy" is the difference between debt service on the public agency's loan and debt service on an identical conventional loan of similar maturity. The difference in debt service is caused by the public sector's "rate subsidy". To quantify the rate subsidy, UDAG staff discounts the stream of payments of debt service on the public agency loan by UDAG's "long-term cost of capital." UDAG generally considers the long-term cost of capital to be very near long-term Treasury Bond rates of interest (presently about 10%),

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Any public agency loan (including the UDAG) whose rate of interest is near or above Treasury Bonds will be counted at its full face value.

Conventional loans, purchase money mortgages, IRBs and owner's equity etc, are truly private sector investment and do not need to be discounted regardless of their rate of interest because they originate in the private sector. In effect, the leverage formula has become

$$\text{LEVERAGE CRITERIA: } \frac{\$ \text{PRIVATE} + \$ \text{NPV (PUBLIC AGENCY LOANS)}}{\$ \text{UDAG GRANT}}$$

WHERE:

- \$ Private includes the face value of all forms of debt and equity originating in the private sector.
- \$ NPV (Public Agency Loans) is the net present value of all loans made by public agencies to private parties. It includes the UDAG loan as well as SBA 503 loans, CDBG loans, state loans, etc. The discount factor is UDAG's long-term cost of capital (about equal to long-term Treasury Bonds).
- \$ UDAG Grant is the face value of the UDAG grant (not loan)

NOTE SEVERAL CAVEATS REGARDING LEVERAGE:

- All investment must be applied to fixed assets whose life exceeds 7 years. Private sector commitments for working capital financing or investment will not be counted as leverage.
- Public sector grants into a project or public investment financed with bonds or taxes will not be counted as leverage because it is not an investment made by the private sector. Taxes are an involuntary private sector investment.
- IRBs are counted at face value and need not be discounted because the source and use originate in the private sector regardless of their federal income tax exemption and resulting effective interest rate.
- Ancillary private investment into fixed assets triggered by the UDAG may be counted as private investment even though UDAG proceeds are not used in that portion of the project. For example, a tenant's investment to finish and equip the space in a UDAG project can be counted even though UDAG funds do not flow to the tenant. Also, a commitment by a business to expand or renovate near a UDAG project site may be counted even though the UDAG funds are never used by the business at its location. To be eligible for

leverage, the use of proceeds must be eligible (fixed assets with a life exceeding 7 years) and contingent upon the UDAG (see Section L "But For Test" below).

To be counted as leverage, the investment must occur after the UDAG award is announced. Any investment preceeding the award will not count as leverage. Purchase options or purchase agreements contingent upon UDAG financing must be used in order to count acquisition of property as leverage.

The average UDAG leverage is 6:1. While this may be the average, it is not the typical leverage. This number is held artificially high by "TRB Specials" which attain leverage ratios up to 19:1 (See Section Q "TRB Specials" below).

J. TAX GENERATION CRITERIA

A major goal of UDAG is to assist a community in becoming more self-sufficient through an increased tax base in the community. For this reason, UDAG looks to tax generation as a major competitive criteria in UDAG awards. Overall, the UDAG staff looks for \$0.10 of new taxes per annum being generated by the community's taxing authority per \$1.00 of UDAG. Arithmetically,

$$\text{TAX GENERATION CRITERIA:} \quad \frac{\$ \text{ TAXES PER ANNUM}}{\$ \text{ UDAG GRANT}}$$

These taxes can take the form of local property taxes (even if they are collected by the county or other taxing authority), local option sales taxes, local earnings or income taxes, local personal property and inventory taxes, etc. They may not include general federal and state income taxes, general state sales taxes, etc. where the taxes flow to taxing authorities outside the local jurisdiction.

When a UDAG loan is made to a project lying outside the city limits of the UDAG eligible community, the taxes generated will include only those flowing to the UDAG eligible community. To beef-up the tax generation ratio, the business receiving the UDAG loan will often make an "in lieu of" payment to the UDAG city.

K. FIRMNESS OF THE PROJECT

When UDAG was conceived, "firmness" was one of the "competitive" factors. Today it is an absolute prerequisite. Firmness means that there are no impediments to initiating construction except for the UDAG grant. If there are any loose ends or contingencies, the project will not get into the "final competition" (the last 10-15 days of the approval process). To be considered firm, the developer or owner-user should have control of the property through an option or purchase agreement. The construction estimates must be firm, precise and detailed. Don't use architect estimates; the one who will build should be the one who submits the cost estimates. The architect, however, may

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be asked to certify the cost estimates. The lenders must have made a firm commitment to participate in the project. Their commitment letters should be subject to approval of the UDAG. The borrower may have to pay some commitment fee in order to get the commitment letter. More often, the lender can be coaxed into writing the commitment fees contingent upon the UDAG approval. Public placement of the IRBs must be firm. Blue sky letters from investment bankers are not acceptable. All the equity from the investors must be real.

The lenders, equity participants, and other participating investors also must demonstrate their financial capability to invest in the project. Financial institutions generally need only submit a letter stating the commitment letter has been authorized by the bank, S&L, or insurance company and is within the legal lending limits of the institution. Investment banks, small finance companies and non-regulated lenders may have to submit financial statements to demonstrate their capacity to participate. The financial statements of the equity participants generally must be submitted. If a developer is promising to cover any shortfalls in syndication proceeds, he/she must provide evidence of the capacity to cover the shortfalls. Any non-equity, non-borrower investor whose investment is being counted as leverage (e.g. a supermarket making tenant improvements in a project), must substantiate its ability to invest.

In short, UDAG wants to verify that all contingencies have been removed, that the funds in the project are nailed down and subject only to the UDAG. If they are not nailed down, a UDAG award will not be forthcoming.

L. "BUT FOR" TEST

1. A UDAG MUST FILL A GAP

The UDAG program was created to attract and stimulate private sector investment which would not otherwise be forthcoming without UDAG participation. The UDAG is intended to put a project "over-the-top," to fill a gap, to make feasible those projects which are financially sound, but not fully economically feasible. In other words, the UDAG must be the deal-maker; it must be the final and necessary ingredient which makes a project happen.

UDAG staff focuses on the economic disincentives in a project, not on the financial deficiencies of a borrower, developer, or owner-user. Healthy, financially sound businesses and developers are frequent users of UDAG because a UDAG can compensate for the economic gaps and disincentives in a project, not simply for the financial weaknesses of the participants. Indeed, UDAG staff want strong developers and borrowers to ensure that the projects will be completed, and operated profitably, so that the UDAG gets repaid.

To obtain a UDAG, the need, the gap, the disincentives must be clearly established and identified. All the financial participants in a project must clearly declare that they are unable or unwilling to provide additional

funds in the project and that without the UDAG ("But For" the UDAG) they will not proceed at all. Lenders should provide binding commitment letters to the project subject to the UDAG award. Equity investors, owners, and developers must show they cannot or will not go forward "But For" the UDAG.

The "But For" letters also must clearly establish why the project will not proceed without the UDAG. Typically there are five satisfactory reasons a project needs a UDAG:

- . A Financing Gap exists
- . A ROI Gap exists
- . It's Cheaper Elsewhere to construct and/or operate
- . Some Public Sector Infrastructure Gap exists
- . It is an "TRB Special" (See Section Q below)

To obtain a UDAG award, a community must clearly establish and quantify the gap and demonstrate that the project will not go forward without the UDAG. Failure to correctly establish the gap and the need for the UDAG are major reasons projects fail to qualify for awards. Upon submission of a UDAG application, the first question asked by the UDAG staff will be "Why is the UDAG needed?"

2. THE FINANCING GAP

A financing gap exists when there are not sufficient private sector funds available to complete the project. The total project cost must be financed either through debt or equity.

$$\text{COST} = \text{DEBT} + \text{EQUITY}$$

A financing gap exists when debt plus equity is less than the total cost. The project will not go forward unless UDAG fills the financing gap. Roughly, there are three types of financing gaps.

A loan gap may exist if a lender applies a conservative loan to value ratio to the project, if rates of interest are high or maturity is short causing debt service to be abnormally high, or if an appraisal reveals a low market value because of the "special purpose" nature of the building in the project. In these cases, the lender's financing falls short of conventional loans in other projects. Typically if lenders do not provide at least 65% of the project's cost in debt, there may exist a loan gap.

An equity gap may exist if the equity participants cannot raise sufficient down payment to cover the difference between project cost and debt offered. User businesses who need cash for growth in working capital or who are cash poor are typical equity gap type projects. Even though lenders are committed to providing conventionally prudent loan amounts

(65-75% of project cost), the owner cannot cover the full down payment (25-35%) and syndication is not feasible because of the owner-user nature of the project.

A appraised value gap may exist if special construction causes the total project cost to be excessively high. For example, medical facilities, companies requiring heavy floor loads, companies requiring special insulation or utilities, companies needing special locations, etc. cause construction or acquisition costs to run abnormally high. Cost of the project exceeds the appraiser's market value which limits the financing available to the project.

The financing gap is easy to quantify; it is simply the difference between the project cost and the sum of debt and equity available for the project.

$$\text{FINANCING GAP} = \text{COST} - (\text{DEBT} + \text{EQUITY})$$

3. THE ROI GAP

An "ROI" gap may exist if the return on investment (ROI) to equity investors is below the market's rate of interest for similar projects. Even though the developer, investors, or business have ample cash and could complete the project without the UDAG, they will not go forward with the project because they can earn a higher return elsewhere, or a similar return with less risk elsewhere. The project cannot go forward unless the UDAG increases the investor's return or decreases the investor's investment.

Return is measured in many ways but typically, developers invest into real estate for three major reasons: 1) they receive cash flow from the project (they measure their return in the form of cash-on-cash return); 2) they receive tax benefits in the form of ITCs and depreciation tax shelter; 3) they receive an extra return when they sell the property because the property may appreciate in value over time.

An ROI gap may arise for several reasons:

- a. Because of a cost and revenue imbalance, the cash flow return is inadequate. In distressed areas, market rents lag behind the market as a whole, while vacancy rates may exceed the market as a whole. A UDAG project may not generate as much rental income as an identical project in a non-distressed area. Cost levels, however, do not lag behind the market as a whole. The cost to build the project may be higher in a distressed urban area than elsewhere if clearance and demolition are necessary. Alternatively, in rural areas, if infrastructure must be provided, the cost of site improvements may be high. The cost to operate a building probably will not be lower in the distressed area (in fact it may be higher in the form of tax rates, insurance rates, etc.). As a result of the cost/revenue imbalance, the

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cash-on-cash rate of return in the UDAG potential project is below the market's typical rate of return. Without a UDAG to increase the return, smart money will go elsewhere.

b. Because of perceived risk, the rate of return demanded by investors may be higher than elsewhere. While regional differences exist, the typical developer will earn a 12-18% cash-on-cash rate of return on a project. In distressed areas, however, the developer perceives a greater risk. As compensation for the increased risk, the developer must receive a "bonus" return on investment. If he/she doesn't receive the "risk premium" the developer will invest elsewhere where he/she can earn the same return at a lower risk level. Without the UDAG to increase the ROI, smart money will go elsewhere.

c) Because of perceived risk, lenders lend for shorter terms at higher rates.

Because the first mortgage lender also perceives a higher risk level, the first mortgage loan in a potential UDAG may have a shorter maturity and a higher rate (a "risk premium"). As a result, debt service is high relative to the rental income stream. The left-over return to the developer actually may be lower than market return on other projects with less perceived risk.

d. Because the area is distressed, the opportunity for appreciation is limited.

In many distressed urban areas, property values have been stagnant or declining for a decade. Resale values are flat or lower than purchase prices. In distressed rural areas, because there are a limited number of potential buyers for a project, the resale value may be zero (i.e., there may be no buyer). Without appreciation, the developer will earn a lower overall return than an identical project which offers both cash flow and appreciation. The result is that in distressed areas, the only benefit to the investor may be cash flow. To equalize the overall return between the distressed and non-distressed areas, the developer's cash-on-cash return must be higher than elsewhere. Without a UDAG to raise the rate of return, smart money will go elsewhere.

4. CLOSING THE ROI GAP

There are two ways to close the ROI gap: either more expensive first mortgage debt may be replaced with a less expensive second mortgage UDAG loan or more expensive equity may be replaced by a less expensive

second mortgage UDAG loan. Generally, replacing equity with the UDAG is the most cost effective way to proceed for three reasons:

- a. Equity in normal times, is the most expensive form of financing.

Equity investors demand a higher return because they incur the greatest risk. In liquidation, they get the leftovers after all the creditors have been paid off.

- b. With higher leverage (more debt and less equity), the impact of the tax benefits is increased.

By decreasing equity without decreasing project size, an equity investor gets a bigger tax deduction (depreciation) or credit (ITC) for every dollar invested. This increases his/her overall return and compensates for a below market cash-on-cash or appreciation return.

- c. By reducing equity, the perceived risk is lessened because the equity investors has fewer "eggs in one basket".

With higher tax benefits and a lower down payment investment, an equity investor will be more likely to overcome his/her hesitancy to do the UDAG deal.

To quantify the ROI gap, simply capitalize the return available to equity holders by the market rate of return for similar type projects. This is the amount the market will willingly invest in the project. The difference between the equity required to make the project work and the amount the marketplace would willingly invest is the ROI gap.

$$\text{ROI GAP} = \text{EQ(R)} - \text{EQ (MKT)}$$

WHERE

EQ(R) = Equity required to make the project work. It is equivalent to Cost Minus Loans Available.

EQ(MKT) = Equity the marketplace would willingly invest.

Definitionally

= Return Available in the Project
Market ROI for Similar Risk

5. THE "CHEAPER ELSEWHERE" GAP

A project may not go forward in a UDAG eligible area because a similar project could be built and/or operated more cheaply elsewhere in a non-

UDAG area. Typically, this type gap presents itself in situations where a company has several plants around the country. The company is considering several locations for a new plant. A possible plant location in a UDAG eligible area may be non-competitive because of the cost to build and/or operate the plant in a non-UDAG area may be substantially lower. The UDAG is necessary to improve the cost competitiveness of the UDAG area. To justify the "Cheaper Elsewhere" gap, the company must quantify the disincentives in writing. This is the most difficult type of gap to verify. Typical cost factors which may cause a project to be more expensive in a UDAG eligible area include the following:

- Higher Cost of Acquisition and Demolition

If the UDAG eligible area is an urban area, land acquisition cost may be high. It may involve demolition and clearance. The alternative site may be on less expensive land where no clearance or demolition need be done.

- Higher Infrastructure Cost

If the UDAG eligible area is a rural area, the cost of preparing the land for construction may be higher than in the non-UDAG eligible area. Running sewer lines on the property, paving roads, etc. may cause the project cost to be excessively high.

- Higher Cost of Construction and/or Renovation

Labor and/or materials may be higher in the UDAG eligible area than in the non-UDAG eligible area. Alternatively, the UDAG project may be a historic structure requiring higher than conventional cost to renovate.

- Higher Operating Costs

The cost of operating the building in the UDAG eligible area may be higher than in the non-UDAG area. Higher operating costs may reveal themselves in the form of high

- Labor Wages
- Raw Material Costs
- Utilities
- Taxes
- Insurance, etc.

To quantify the gap caused by high acquisition, infrastructure and construction costs simply compare the cost to build the project in the UDAG eligible area to the cost to build in the non-UDAG eligible area.

"CHEAPER ELSEWHERE" GAP =

$$\text{COST (UDAG AREA) - COST (NON-UDAG AREA)}$$

Alternatively, to measure the gap caused by an operating expense, simply take net present value of the annual operating cost differential between the alternative projects over the life of the proposed financing on the project. Mathematically,

"CHEAPER ELSEWHERE" GAP =

$$\text{NPV (OPERATING COST DIFFERENTIAL OVER FINANCING LIFE)}$$

6. PUBLIC SECTOR INFRASTRUCTURE GAP

The private sector may have sufficient loans and equity to complete a proposed project (i.e., there may be no financing gap). The return to the investors may be sufficient to attract the private sector investment (i.e., there may be no ROI gap). The proposed site may be the least expensive alternative (i.e., there may be no "cheaper elsewhere" gap). A project, however, may still not proceed unless the public sector provides some real off-site infrastructure improvements to enable the private sector to proceed. If the community is unable to provide the infrastructure from its own sources, a UDAG may fill the gap. The gap is the difference between the infrastructure cost and the locally available funds.

INFRASTRUCTURE GAP =

$$\text{INFRASTRUCTURE COST - LOCAL RESOURCES}$$

UDAGs typically are recaptured and recycled by means of providing the UDAG in the form of a loan to the developer or business. If the project requires a UDAG for off-site public sector infrastructure improvements, the UDAG staff will look for some form of recapture either by lending the UDAG to the developer or business who will pay for the off-site improvements or some form of "in lieu of" taxes or debt service payment. A UDAG is not intended to be a "public works" grant in disguise. This type project, without recapture, will tend to be much less competitive unless the private sector beneficiary of the UDAG pays some form of debt service or "in lieu of" compensation to the City.

M. UDAG PARTICIPATION IN INCOME AND RESIDUALS

UDAG loans are subordinated, often quasi-equity financing. If the project fails, the UDAG loan stands very little chance of repayment because it is far junior to the first mortgage lender. Typically in liquidation, the UDAG loan would be repaid after all other obligations and just before the equity investors. In other words, many UDAGS are near-equity investments. Because UDAGs share the burden of risk with the equity holders, a UDAG loan should also share in some "upside potential" or reward for subordination. In "developer deals" (projects in which a developer owns a project and leases it out to tenants), HUD will generally request that the applicant community be granted a "participation" in cash flow, and a share in the "residuals" (i.e., a share in the net refinance and net sale proceeds of the project). If the project is very successful and either throws-off substantial cash flow or appreciates in value, the community should receive a share in the rewards of ownership. The amount of cash flow participation depends on the amount of equity vis-a-vis the UDAG loan, but the typical participation is 15% of cash flow after the developer receives a 12-18% cash-on-cash rate of return. In addition, UDAG will request the city to receive a share in the residuals. The share will be negotiated and based upon several factors including how large the UDAG is vis-a-vis the equity investment, how certain the debt service repayment is, and how much cash flow participation is likely. Typically, a share in the residuals varies from 10-40%.

N. "FLIPS"

UDAG was not created to be used to finance simple real estate transfers. UDAG projects should be breaking new ground, or renovating and filling vacant buildings. The purchase of occupied real estate has been defined by HUD as a "flip" (ownership of the occupied real estate simply flips one entity over to another entity). The flip portion of a project may not be counted as leverage in any UDAG application. The flip may occur, but it must be financed privately and the financing (whether equity or debt) will not count as leverage in the project.

Flips are a controversial issue because they tend to frustrate the community or the developer. A UDAG project may involve substantial rehabilitation of a building which is underutilized and in poor repair and the developer needs a larger UDAG subsidy to make the project feasible. The natural inclination is to count the acquisition cost as a part of leverage. If the building is at all occupied, however, the acquisition is a flip no matter how high the vacancy rate, how poorly the building is maintained or how underutilized the space is. The flip cannot count as leverage.

O. UDAG PROCEEDS FOR LAND ACQUISITION

UDAG loans are intended to be the "gap-fillers," the last dollars necessary to make a project feasible. After all the senior debt has been secured and the equity raised, the UDAG loan will fill the gap. In order to guarantee that UDAG performs its "gap-filler" role, UDAGs should not be used as the first dollars into a project. In other words, UDAG loans should not be used to acquire land

because acquisition of land is the first step in a project. UDAG proceeds, however, may be allocated for the acquisition of land, provided that a bridge loan, interim financing, or equity, is used to first acquire the land. The UDAG loan can be drawn-down on a prorata basis in accordance with the private sector investment leverage ratio in the approved UDAG application. For example, if the approved leverage were \$4:\$1, and if the acquisition of land were the first draw, the UDAG draw down could provide 20% of the cost of the land.

P. INVESTMENT OCCURRING PRIOR TO THE UDAG AWARD

UDAG loans are supposed to trigger private sector investment which would not otherwise occur (see Section L "But For Test" above). If an investment occurs prior to UDAG award it must not have been contingent upon the UDAG even though the application may have been submitted. Any investment (such as acquisition of property) occurring prior to the UDAG award will not count in the leverage ratio calculation. Instead of acquiring the property, take property options or make all purchase agreements subject to the UDAG. If a substantial investment occurs which irrevocably commits the developer to complete the project, the whole UDAG application may be declared ineligible. Make certain projects have the lead time necessary to keep them in good standing.

Q. IRB SPECIALS

The IRS Tax Codes permit a company in one political jurisdiction to issue up to \$10.0 million of tax-exempt Industrial Revenue Bonds (IRB's or IDBs) provided the issuing company's cumulative capital expenditures do not exceed \$10.0 million for the three years preceeding and three years following the IRB issue. Should the company's six year cumulative capital expenditures total exceed \$10.0 million, the company will be able to issue only \$1.0 million of tax-exempt IRBs. The purpose of the \$10.0 million capital expenditure's limitation is to prevent every large company and every major plant expansion or building construction to be financed with tax-exempt bond causing U.S. Treasury tax collections to decrease substantially. The IRB provision is an attempt by Congress to spur investment into capital by permitting small companies to make capital expenditures at reduced rates of interest.

The IRS Tax Codes permit several exceptions to the \$10.0 million capital expenditure limit. One exception provides that the issuing company's six year cumulative capital expenditures may be as much as \$20.0 million provided that a UDAG is one of the sources of financing. Should a UDAG be present, the company may issue \$10.0 million of tax-exempt IRBs as long as the company's six year cumulative capital expenditures do not exceed \$20.0 million. Above \$20.0 million, the company may issue only \$1.0 million of tax-exempt IRBs.

The \$10.0 million capital expenditure limit exception has given rise to a special type of UDAG application called an "IRB Special". IRB Specials are UDAG participations in distressed cities in which the \$10.0 million capital expenditure limit (but not the \$20.0 million limit) will be exceeded. To maintain the capability of issuing \$10.0 million of tax-exempt IRBs (instead of \$1.0 million), the UDAG participation is necessary. The incentives of the UDAG are not as critical to

the project as much as the extra \$9.0 million of tax-exempt bonds. If the differential between a tax-exempt and a conventional rate mortgage is 3½%, the savings in interest could exceed \$300,000 per annum.

Because the benefits of \$9.0 million of tax-exemption are more important than the incentives of the UDAG, the UDAG carries few incentives. Typically the UDAG will be minimal in amount (5-7½% of the project cost), with short term (typically 5 years or a term not exceeding the IRB) and carrying a rate of interest equal to or greater than the IRB.

An IRB Special has a leverage of 13-19:1 (5-7½% of project cost). The existence of IRB Specials have elevated the average UDAG leverage to 6:1. While the average leverage is 6:1, the typical project is not that high because of the cluster of IRB Specials whose leverage exceeds 13:1.

R. UDAGS OUTSIDE ELIGIBLE COMMUNITIES

UDAG funds may be invested in a project physically located outside the UDAG eligible community provided that the benefits of the UDAG are clearly traceable back to the eligible community. The benefit of the UDAG are jobs and taxes. In order to make a project outside a UDAG eligible community eligible for a UDAG award, the community must incontrovertibly demonstrate that the jobs created by the project will be filled by residents of the UDAG eligible community and that the taxes generated by the project make their way back to the community. If there is no direct tax benefit to the community the project will be uncompetitive. To beef-up the competitiveness of the project, the UDAG recipient company may pay an "in lieu of" tax payment to the city over the life of the UDAG loan to compensate for lack of tax base enhancement.

S. ADMINISTRATION FEES ON UDAGS

The community applying for a UDAG may use a small portion of the UDAG proceeds to offset the cost of preparing the application and preparing and monitoring the implementation of the grant and loan agreements. The maximum administration fee is 5%. The administration fee comes from the UDAG proceeds. The leverage, job cost, and tax generation ratios are calculated using the gross UDAG grant including the fees (not the loan which excludes the fees) and the applicant must be aware that the addition of fees does hurt the ratios slightly. In small cities where there is a lack of staff to prepare documents and monitor the award implementation, these fees may be very important for covering the cost of the UDAG implementation.

T. DAVIS-BACON REQUIREMENTS

In any UDAG project in which UDAG loan proceeds are allocated to construction or renovation, Davis-Bacon prevailing wage guidelines must be adhered to. In projects where the UDAG proceeds are used solely for acquisition of real estate or machinery and equipment, Davis-Bacon prevailing wage guidelines do not apply.

U. HOW TO STRUCTURE A UDAG

Many communities try to structure a UDAG by using the competitive criteria (leverage, jobs, and taxes) to determine how large a UDAG can be applied for. In reality, they are structuring the UDAG backwards. Start structuring the UDAG by determining how much of a UDAG is needed, how much the "gap" and disincentives are. If a financing gap exists, quantify it; if an "ROI" gap exists, calculate it; if a "cheaper elsewhere" gap exists, demonstrate it. After determining the gap and disincentives, nail down all the available resources. The remainder should be the amount of the UDAG application. Test this against the competitive factors. If the amount is competitive, begin the application process. If it is not competitive, attempt to restructure it. If the gap is enormous, the project just may not be feasible.

It is important for the City and the developer to remember that the UDAG will be negotiated and renegotiated several times before final approval is secured. UDAG, acting in the City's behalf, will try to negotiate a better deal for the City from a developer after the application has been submitted. Acting in its own behalf, UDAG will try to minimize its own participation in order to stretch its limited funds further. A common source of frustration can be easily overcome if the City forewarns the developer that negotiation of the terms continues after the formal application and presentation.

V. MAKING A PROJECT MORE COMPETITIVE

The award decision is a decision based upon a composite of all the competitive factors. A project weak in one criteria but strong in several others can be a competitive project. Distress of the community is a "given" factor. A community very low on the distress list will need stronger leverage, jobs, and tax generation factors to be competitive. Recapturing and recycling the UDAG grant is becoming an absolute prerequisite of the program. If the application does not demonstrate recapture, the project probably will not receive an award. In applications in which UDAG funds are intended for public improvements, UDAG staff prefers to lend these funds directly to the developer or business at a very low interest rate. The developer will make the "public" investment and repay and recycle the entire UDAG proceeds. Alternatively, a small portion of the UDAG proceeds can be applied to public improvements for which there is no repayment. Other ways of improving the competitiveness of a project include:

. Tax Generation:

- . If taxes per UDAG dollar investment are low, make certain all taxes have been accounted for. Missing taxes generated will unnecessarily weaken a project. The UDAG staff has no way of knowing if taxes are understated.
- . Alternatively, reduce the UDAG portion of the project slightly and replace the lost UDAG dollars with a (say) CDBG or SBA 503 loan.

• Jobs Created

- If jobs per UDAG dollar investment are low, make certain all jobs have been accounted for. If a UDAG recipient is building new space for its own use, go back to the space being vacated. If the user of the vacated space is creating jobs, these jobs can be included into the job total. If a non-UDAG recipient (such as a business located in the vicinity of the UDAG site) will verifiably create jobs as a result of the UDAG award, count those jobs.
- If the job creation has a very high proportion of jobs eligible for low and moderate income persons, clearly note the fact in the application. An application with a very high proportion of the "relevant" type of jobs (low and moderate income) will be competitive even if the cost per job is relatively high.
- Alternatively, reduce the UDAG portion of the project slightly and replace the reduced portion with another form of public sector financing (say CDBG or SBA 503, etc.).

• Leverage

- If the leverage ratio appears weak, make certain that all investment has been accounted for. Understating total private investment unnecessarily weakens the competitiveness of a project. Look at all non-UDAG recipients who are making fixed asset investments as a direct result of the UDAG award. Look at tenants in a project, potential building renovations in the area near the UDAG project, material suppliers of UDAG recipient companies who may expand as a result of the UDAG, etc.
- Reduce the UDAG portion of the project slightly and replace the lost UDAG dollars with another form of public sector financing.
- Reduce any "unrecaptured" UDAG amount and make it recapturable. For example, if a portion of the UDAG is to provide public sector infrastructure, lend those funds to the developer so he/she can provide the infrastructure. Alternatively, find an alternative source of funds for the infrastructure.
- Raise the rate on the UDAG loan. A higher rate leads to a smaller public sector "subsidy" in the project and increases the UDAG's net present value.
- Shorten any proposed moratorium on debt service. Initiating an earlier recapture will increase the UDAG's present value.
- In projects where a moratorium of debt service is necessary, accrue and compound interest rather than forgive interest. Make certain the pay back of the accrued has a specific schedule. If it is unspecified (e.g., "to be paid out of cash flow, if available") UDAG

will not count the accrued interest as payback. The accrual may make a significant impact on the leverage ratio.

- Shorten the term of the UDAG. Recapturing the principal over a shorter period will increase the loan's net present value (but also make debt service higher and ROI to investors, lower).

• Other Factors

- Don't overlook other factors. The more minority entrepreneurship is fostered, the more competitive the project. Allowing a community group to participate in the repayment proceeds will strengthen the project. Renovating historic structures, utilizing other public sector funds, improving the efficiency of energy utilization, etc. will strengthen an application.

W. APPLYING FOR A UDAG

1. OVERVIEW

From a practitioner's point of view, the UDAG application process has about four distinct phases' over a 60-90 day period.

- I. Pre-Application Area Office Review (Days 0-30)
- II. Formal Area Office Review (Roughly Days 30-45)
- III. Central Office Review & Negotiation (Roughly Days 45-80)
- IV. Panels and Final Rounds (Roughly Days 80-90)

Phase I (Pre-Application) consumes the greatest amount of time for the city. Before the city initiates an application, it should review the project with the HUD Area Office. After the Area Office has made its suggestions, the application can be begun. The city must collect documents, write narratives, hold public hearings, and obtain a City Council resolution. Phase II (Formal Area Office Review) basically consists of answering questions and clarifying issues. Phase III (Central Office Negotiation) is a hectic period during which a deal will fall apart 3-4 times as UDAG Central Office tries to tighten up the deal by getting better terms for the city on the proposed UDAG loan to the business. Cities most often feel uncomfortable and frustrated as the seemingly swash-buckling UDAG staff tramples over the "defenseless" developer. During Phase IV (Final Rounds) a calm settles over UDAG during which period it seems like the UDAG Central Office has vanished from the face of the earth. On or about the 90th day, UDAG emerges from its cocoon, the awards are announced, and the easy part has been achieved. Getting a deal into the ground is much more frustrating and difficult than getting the financing approved.

For the novice practitioner, it is important to remember that development financing operates under the "Rule of 6's" and the "Rule of 3's". The Rule of 6's requires that a city, a developer, and the local lender must meet at least six times before a deal congeals into firm commitments. The Rule of 3's states that the "firm" deal will fall apart at least 3 times before it happens. A deal is not like Humpty-Dumpty; it can be put back together again.

2. THE FORMAL APPLICATION AND AWARD DATES

The first 30 days of the UDAG cycle consist of application preparation. The formal application date is 30 days after the start of the UDAG cycle. The cycle for entitlement communities are calendar quarters; for non-entitlement communities, the cycles are lagged one month. In other words, a UDAG round in entitlement communities commences January 1, April 1, July 1, and October 1. Formal applications must be submitted by January 31, April 30, July 31, and October 31. Non-entitlement city applications must be submitted by February 28, May 31, August 31, and November 30.

Awards are announced 60 days after the formal application date. In other words, awards for entitlement communities are announced on March 31, June 30, September 30 and December 31. Awards for non-entitlement communities are announced April 30, July 31, October 31, and January 31. In chart form, the cycles are the following:

ENTITLEMENT COMMUNITIES

<u>Cycle Commences</u>	<u>Formal Application</u>	<u>Award Dates</u>
January 1	January 31	March 31
April 1	April 30	June 30
July 1	July 31	September 30
October 1	October 31	December 31

NON-ENTITLEMENT COMMUNITIES

<u>Cycle Commences</u>	<u>Formal Application</u>	<u>Award Dates</u>
February 1	February 28	April 30
May 1	May 31	July 31
August 1	August 31	October 31
November 1	November 30	January 31

3. PHASE I: APPLICATION PREPARATION (DAYS 0-30)

As soon as a project is identified, the City should make a practice of phoning the local HUD UDAG representative to discuss the project. Often the local HUD UDAG Rep. will call Central Office for a current reading on the competitive factors. If the deal won't fly, it is best to know before considerable time and energy has been expended putting together an application. Discuss the project candidly because the UDAG staff person will give you his/her opinions of how to structure the project so that it stands the best probability of receiving a UDAG award.

During the application period, the city and the borrower must pull together all the necessary documents for submission to HUD. The borrower must obtain the documents of substance regarding the project including:

- . Purchase Option on the Property
- . Appraisal on Acquisition Assets (if existing real estate or used M&E)
- . Certified Cost Estimates on Construction, Renovation and new M&E
- . Financial Statements on the borrower and/or the project
- . Proforma and Projected Financial Statements (if the project is a developer deal involving rental space, the projection should cover a 10 year period).
- . Personal Financial Statements of the principals in the project
- . The lender's commitment letter incorporating the "But For" statement.
- . The borrower's "But For" letter
- . Evidence of the borrower's ability to provide its equity
- . Evidence that the project will have adequate working capital

The city simultaneously will be performing the tasks and compiling the application documents which substantiate that the project is meeting all statutes, regulations and agency policies including:

- . Holding at least one public hearing on the project
- . Obtaining a City Council resolution supporting the project and empowering a City official to act on behalf of the city.
- . Performing an environmental assessment (and impact statement if appropriate) of the project.

- Filling out HUD Form 424, and the UDAG Application (Forms 1-5) which requires writing a project description including commenting on its feasibility, calculating and verifying the leverage, jobs, and taxes generated by the project, and making proper assurances of compliance with federal law, etc.

Upon completion of the application, the city should forward the application to the HUD Area and Central Office for review. Under no circumstances can the city miss the formal application date. The application must be postmarked by the last day of the month.

4. PHASE II: FORMAL AREA OFFICE REVIEW (APPROXIMATELY DAYS 30-45)

Upon submission, the HUD Area Office will review the application for completeness, request clarification or verification of any unclear items and schedule a HUD Central Office Review date in the HUD Area Office. The City's role during this phase will be one of responding to questions.

5. PHASE III: UDAG CENTRAL OFFICE REVIEW AND NEGOTIATION (APPROXIMATELY DAYS 45-80)

UDAG Central Office will review this project with the City, the proposed borrower, and the HUD Area Office staff. If the project will be considered, the Central Office staff person will most likely request some additional information, clarification, and verification. The City's role again will become much more interactive. As Central Office reviews the application, it will attempt to tighten-up the deal and to get better terms for the City by reducing the UDAG, raising the rate, shortening the term, increasing the participation in cash flow, etc. The original structure may change considerably. At the same time, Central Office will test the soundness of the "But For" letters. The senior mortgage lender will be phoned and asked why he/she will not participate more fully. The "Syndication Value" of the cash flow and tax benefits will be calculated and compared to the actual equity in the project. Phone calls will be fast and furious. The city needs to be accessible and responsive or the project may languish and get passed over as other cities strengthen their deals. At some point, Central Office will announce a "last date" for meeting documentation and firmness requirements. After that date nothing will be accepted.

During this period, the Central Office staff person assigned to the project is attempting to build a case for the application. Because he/she has a fair idea of what the competition looks like, the UDAG staffer will keep pushing for a better deal for the city and smaller UDAG for the developer to keep the project competitive. Remember that all the other applications likewise are being tightened-up simultaneously. At the end of this period, the staff person must present the project to "The Panel" which is composed of the Director of UDAG and some of the top staff. Because he/she is a professional, evaluated and reviewed by how well he/she invests UDAG funds, the UDAG staffer will not want to take a weak project to the

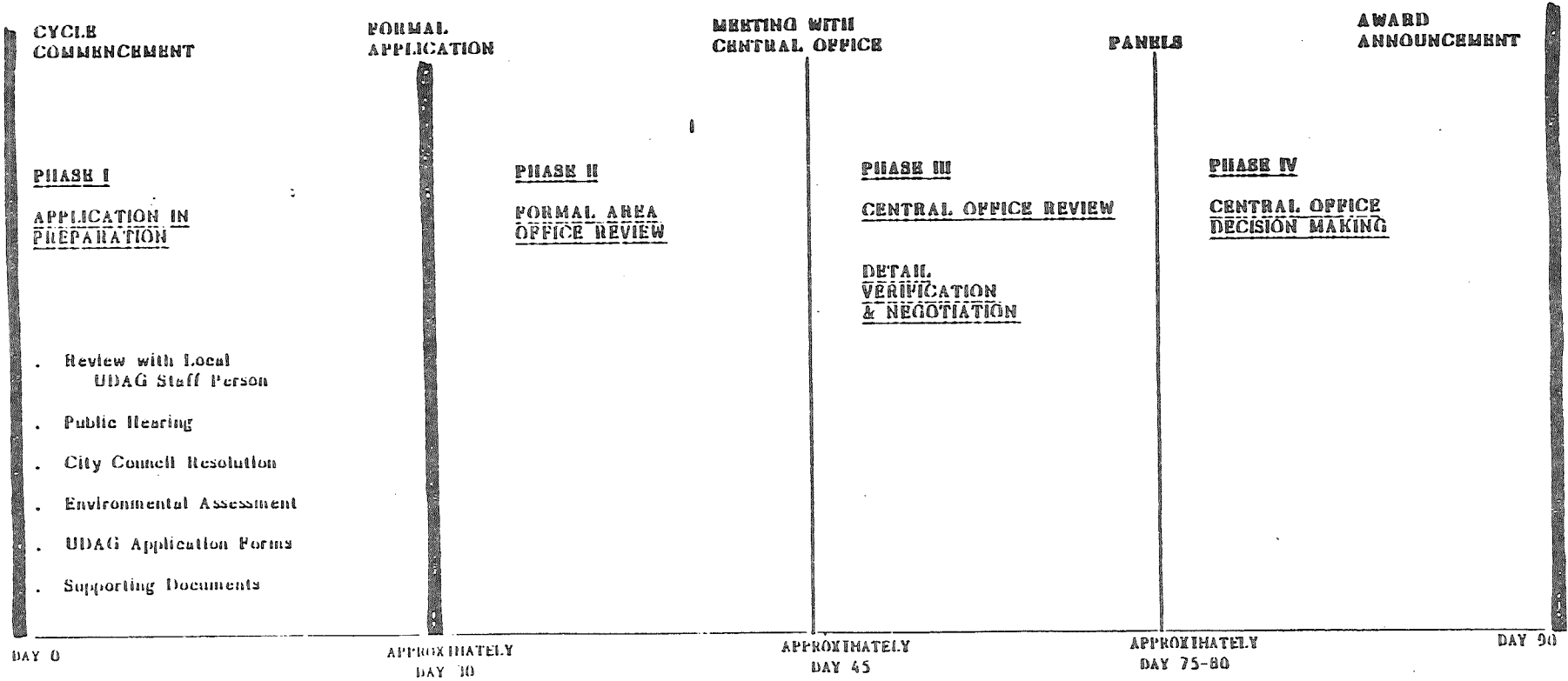
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Panel. A cooperative, flexible city which works with Central Office to tighten up the application stands a better chance of getting into the finals.

6. PHASE IV: PANELS AND FINAL ROUNDS (APPROXIMATELY DAYS 80-90)

During the final 10-15 days, the relevant applications are presented to the Panel which consists of the Director of UDAG and some of his/her staff. The Panel will hear the applications, evaluate their competitiveness, verify their firmness, suggest some final tightening-up and accept or reject the project. Making it past the panels means the project has progressed to the Final Rounds and has a good chance of approval. The Director of UDAG and the Assistant Secretary for HUD will then review the projects and make further cuts. The Secretary of HUD will review the finalists and make the final award decisions and announcements. By the 90th day, UDAG has completed its cycle.

UDAG TIMETABLE



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X. UDAG CRITERIA CHECKLIST

ANNUAL APPROPRIATION	. \$440 million of UDAG funds
TYPE OF FINANCING	. User or Developer
HOW IT OPERATES	. HUD makes a UDAG Grant to the City . . The City makes a UDAG loan to a business
THE BORROWER	. Almost any legal entity can borrow under a UDAG including: . . Users . . Developers . . Not-for-Profit Organizations . . Limited Partnerships . . Community Organizations . . Business Organizations . . Indian Tribes
MAXIMUM LOAN AMOUNT	. There are no <u>minimum</u> or <u>maximum</u> loans . . The loan amount is determined by the "gap" and by the competitive factors . . Typically, UDAG represents 15-28% of a project.

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USE OF PROCEEDS

- . Fixed assets whose useful life exceeds 7 years and are typically affixed to real estate including:
 - . Land
 - . Building
 - . Construction and Renovation (including soft costs)
 - . M&E
 - . Leasehold Improvements
- . UDAGs also may be used for construction financing

TERM OF LOAN

- . Determined by need of the project and the term of the other lenders.
- . Normally, UDAGs are 10-20 years in duration.
- . Balloons are permitted.

RATE OF INTEREST

- . Determined by the need of the project and by the competitive factors.
- . Typically, UDAG rates are well below market (say 5-10%) in early years
- . Often deferrals of debt service are permitted.
- . Occasionally the rate on the UDAG loan will be stepped-up towards market rate over time

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COLLATERAL AND GUARANTEES	<ul style="list-style-type: none">• Collateral generally consists of a subordinated mortgage in the assets purchased.• In owner-user deals, personal guarantees are often required.• In developer projects involving syndication, non-recourse debt is permissible.								
TYPICAL STRUCTURE	<table><tr><td>First Mortgage (Conventional or IRB)</td><td>50-75%</td></tr><tr><td>UDAG Second Mortgage</td><td>15-25%</td></tr><tr><td>Equity</td><td><u>0-30%</u></td></tr><tr><td></td><td>100%</td></tr></table>	First Mortgage (Conventional or IRB)	50-75%	UDAG Second Mortgage	15-25%	Equity	<u>0-30%</u>		100%
First Mortgage (Conventional or IRB)	50-75%								
UDAG Second Mortgage	15-25%								
Equity	<u>0-30%</u>								
	100%								
% FINANCING AVAILABLE TO BORROWER	<ul style="list-style-type: none">• Owner-user deals: up to 100%• Developer deals: Typically 70-95%								
ELIGIBLE AREAS	<ul style="list-style-type: none">• Within city limits of UDAG eligible cities. Infrequently, outside of city limits if benefits are directly traceable back to city.• In pockets-of-poverty cities, UDAG proceeds should be used within pocket or <u>immediately adjacent</u> to the pocket.								
BORROWER SIZE STANDARDS	<ul style="list-style-type: none">• None								
JOB CREATION CRITERIA	<ul style="list-style-type: none">• 1 new job created for every \$5,000-\$10,000 of UDAG.								
TAX GENERATION CRITERIA	<ul style="list-style-type: none">• \$0.10 of new taxes for every \$1.00 of UDAG.								

<p>LEVERAGE CRITERIA</p>	<ul style="list-style-type: none">. Legal minimum: 2.5:1. Practical minimum:<ul style="list-style-type: none">. Entitlement communities \$3.5:1. Non-entitlement comm. \$3.0:1
<p>TAX-EXEMPTS</p>	<ul style="list-style-type: none">. UDAGs may be used with tax-exempt IRBs.
<p>MIX AND MATCH WITH OTHER PUBLIC SECTOR FUNDS</p>	<ul style="list-style-type: none">. Permitted and encouraged by UDAG
<p>CONSTRUCTION FINANCING</p>	<ul style="list-style-type: none">. A UDAG may be used for construction financing on a prorata basis in accordance with its leverage ratio.
<p>TURNAROUND TIME</p>	<ul style="list-style-type: none">. Within 60 days after formal application.
<p>PARTICIPATIONS AND RESIDUALS</p>	<ul style="list-style-type: none">. In owner-user deals, UDAG staff does not request participation in cash flow or sharing in refinance and net sale proceeds.. In developer deals, UDAG staff typically requires the developer to grant to the city a participation in excess cash flow, refinance and net sale proceeds.

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MAJOR REGULATIONS

- At least one public hearing must be held.
- A City Council resolution must be passed.
- All federal Civil Rights laws must be adhered to
- Environmental assessments must be conducted.
- Davis-Bacon applies in projects where UDAG proceeds are used for construction.

OPERATING AN SBA CDC

CHAPTER 6: THE SBA 503 LOAN PROGRAM

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OPERATING AN SBA CDC

CHAPTER 6: THE SBA 503 LOAN PROGRAM

A. LONG-TERM USER FINANCING FOR FIXED ASSETS

The SBA 503 Certified Development Company Loan Program offers subordinated mortgage financing (generally real estate related) to healthy and expanding eligible small commercial and industrial businesses. Combining the incentives of long-term (15-25 years), low down payment (0-10%), and reasonable price (near long-term U.S. Treasury bond rates), 503 is one of the most attractive and effective economic development financing tools available today.

Congress created the Section 503 Certified Development Company Loan Program in 1980 by amending Title V of the Small Business Investment Act of 1958. One of the goals of Section 503 is to assist communities to create jobs and tax base at the local level by stimulating small business investment into plant and equipment. Jobs and tax base are created when a business expands its physical plant and purchases additional machinery and equipment. Section 503 financing provides four stimuli for investment:

- . Long-term
- . Attractive rate
- . Low down payment
- . Lower lender risk

First, Section 503 provides longer-term and attractive rate financing which matches the maturity of a loan to the useful life of the assets acquired with the loan. Debt service is thereby better matched to cash flow generated by the assets. Second, Section 503 provides lower down payment financing which enables the borrower to keep its working capital invested in receivables and inventory where it earns a profit. Without a large down payment, the business is better able to commence an expansion project at an earlier point in time. Finally, Section 503 financing can reduce project risk. With debt service better matched to cash flow, and with existing working capital invested into profit-making receivables and inventory, the credit risk to the lender may be reduced. Because 503 financing may be subordinated to other lenders, collateral risk is also reduced. With reduced credit and collateral risk, a lender is more likely to participate and the borrower is better able to realize its full growth potential.

B. USER FINANCING

SBA can assist only small businesses who "use" the assets purchased with the loan proceeds (hence, "user" businesses). Passive investment income businesses which use the loan proceeds to acquire assets which are leased or rented or loaned to third parties (the "user") are not eligible SBA borrowers. The SBA may not finance developers or landlords who do not actively use or occupy the assets acquired with the loan proceeds. For example, if a developer or landlord intends to borrow money to construct a building to lease to tenants, the developer or landlord is not an eligible borrower because he/she is not the user or occupier of the fixed assets. Conversely, if a developer intends to construct a building to house his/her business offices, the developer is eligible. Other passive income businesses which are ineligible borrowers include financial institutions and real estate investment companies. Exceptions to this rule include auto and machinery and equipment leasing companies who lease their inventory (autos and M&E) to third-party users. Even though hotels generate income by renting assets (rooms) to third parties, they are eligible for SBA financing if the average guest's stay is less than 30 days in length. Beyond a 30 day stay, the guest is considered a resident and the hotel is considered a residence; SBA financing cannot be used for any residential structures.

C. 503 PROGRAM CRITERIA: AN OVERVIEW

1. TYPE OF FINANCING

SBA 503 loans are available for fixed asset purchases only. No working capital or debt refinancing is allowed. The financing legally is passed to the SBC through a conduit known as a "Certified Development Company" (See Chapter 7 for a discussion of Certified Development Companies).

2. HOW THE PROGRAM OPERATES

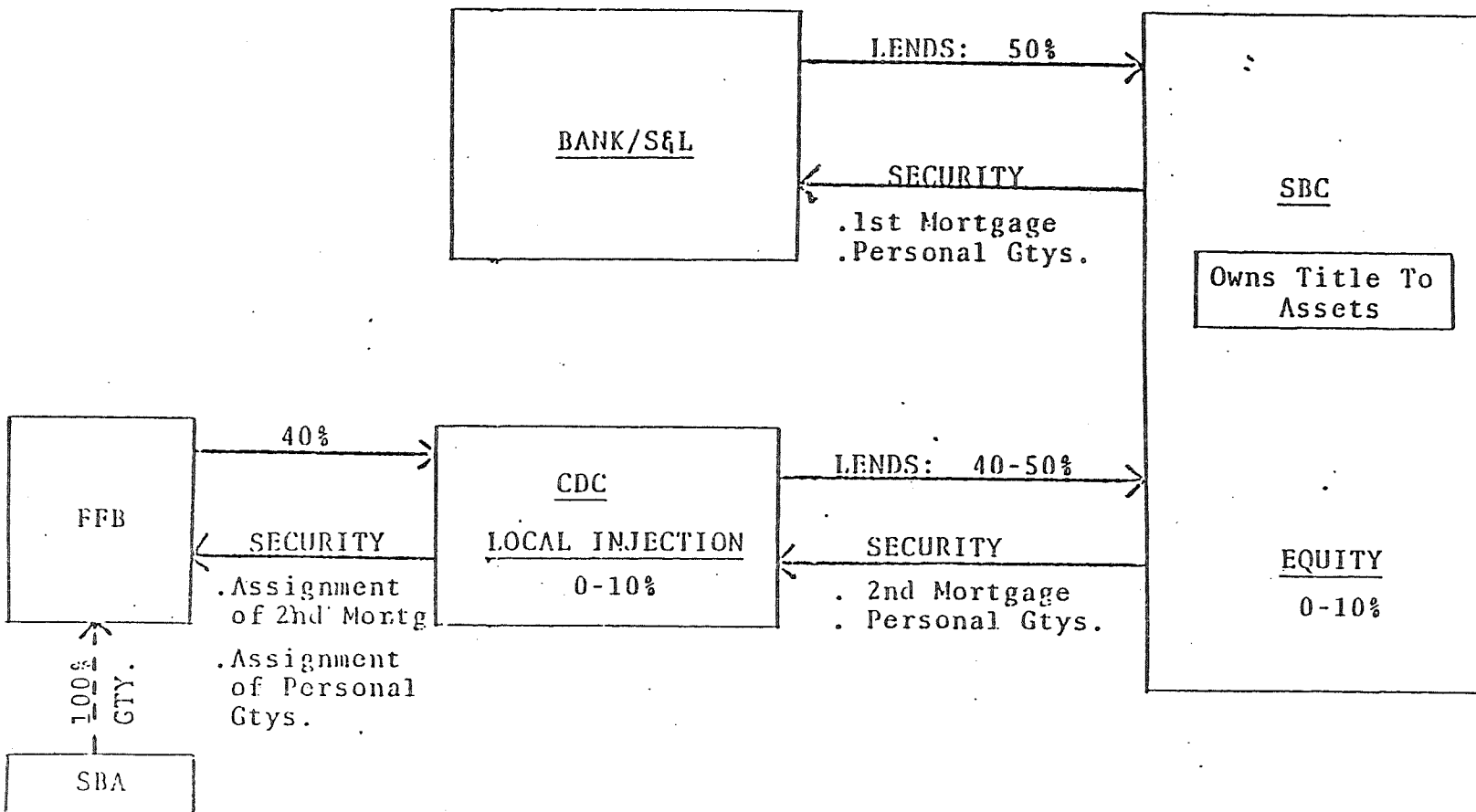
The SBC will apply for a specific loan from the Certified Development Company (CDC) who borrows an identical sum by selling a debenture to the Federal Financing Bank (FFB). The FFB is willing to purchase the debenture because the SBA provides the FFB with a 100% guarantee. The CDC has two (2) options for the funds:

The Relend Option (See Flow chart - page 65)

The CDC may relend the debenture proceeds to the SBC who acquires the fixed assets. The SBC obtains title to the fixed assets, receives the depreciation tax benefit, and has all the obligations of ownership. The SBC's legal obligation to the CDC is evidenced by a promissory note: the CDC secures itself with a mortgage on the acquired asset which in turn is assigned to the SBA. The SBC retires the promissory note by making principal and interest payments to the CDC who simultaneously retires the debenture obligation owing to the FFB. Repayment of the CDC debenture is dependent upon the success of the SBC.

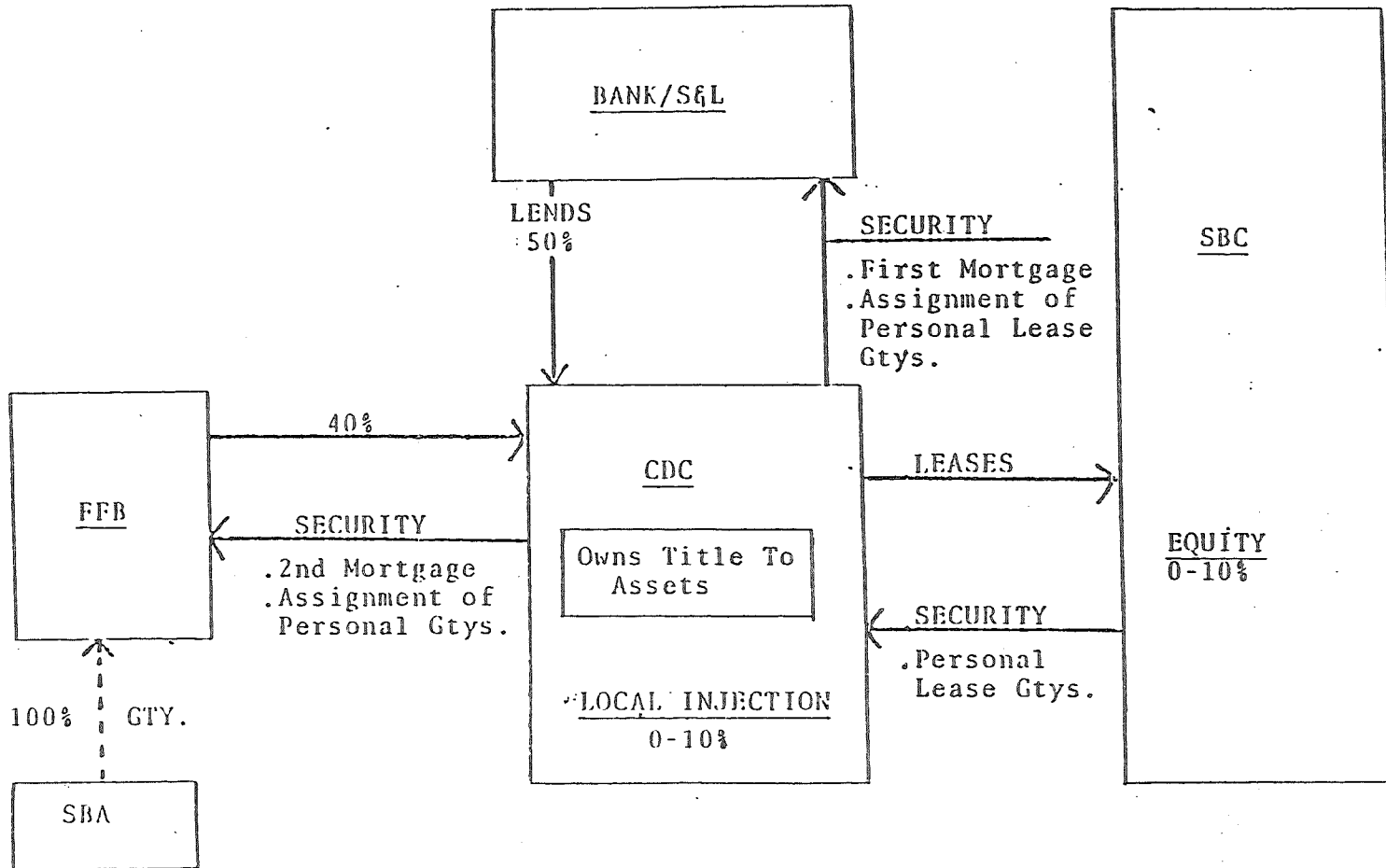
FINANCING FLOW CHART

RELEND OPTION



FINANCING FLOW CHART

LEASE OPTION



The Lease Option (See Flow chart - page 66)

Alternatively, the CDC may utilize the loan proceeds to acquire the fixed assets on behalf of the SBC (known as the "beneficiary" of the financing) and lease these assets to the SBC on either an operating or financing lease basis. The lease may or may not carry an option to purchase. On an operating lease basis, the SBC pays rent to CDC and may be given an option to purchase the assets at the end of the lease at fair market value. On a financing lease basis, the SBC is given an option to purchase the assets at the end of the lease for a nominal (below market) price. Under a financing lease, instead of declaring rental expense the SBC declares depreciation and interest expense. Under the lease option, the CDC retains title to the assets (easier to repossess if necessary), but also assumes the obligations of ownership (insuring, maintaining, repairing, operating the property, etc.).

Under the lease option, the obligation of the SBC to the CDC is evidenced by a lease. The CDC uses the rental income to retire the debenture owing to the FFB. Because title is retained by the CDC, it can offer collateral in the form of a direct subordinated mortgage to the SBA (under the relend plan, the CDC offered an assignment of its mortgage to the SBA). As in the relend case, retiring the CDC debenture is dependent upon the SBC's ability to pay its obligation to the CDC. Note that in the lease option, the CDC looks very much like a developer/landlord (borrowing money to acquire assets for lease to an SBC). A CDC which plays the role of a developer in a project is defined as an eligible borrower under 503.

3. MAXIMUM LOAN AMOUNT

Each eligible "user" SBC may borrow up to \$500,000 through 503. The 503 portion of the project, however, may not exceed 40% of the eligible project cost. The minimum loan is \$10,000 and all loans will be denominated in \$1,000 increments.

4. USE OF PROCEEDS (Also refer to Sections D & E below)

Fixed assets only including:

- Land and Building
- New construction or renovation
- Machinery and Equipment
- Leasehold improvements and furniture and fixtures

The average life of the assets acquired must minimally equal 15 years (See "Term" below).

5. TERM OF LOAN

The maturity of the loan may be up to 25 years based upon the weighted average normal useful life of the assets purchased with the loan proceeds. The loan can carry a maturity of 15, 20 or 25 years. Because the minimum maturity is 15 years and the maturity is based upon the normal useful life of the assets purchased with the loan proceeds, the minimum average useful life of all the assets financed must equal or exceed 15 years. This rule effectively eliminates 503 for financing minor leasehold improvements, furniture and fixtures, and light M&E unless they are part of a more substantial real estate oriented project.

6. RATE OF INTEREST (Also refer to Subsection #22 - page 72)

The SBC will pay a rate of interest of 1/4 - 3/4% above U.S. Treasury Bond rates of similar maturity. The rate will be a fixed, determined at the time of sale of the debenture to the FFB.

7. TYPICAL STRUCTURE (Also refer to Section H and I - pages 80-85)

The 503 Debenture portion of a project may not exceed 40% of the project cost. In addition, SBA requires each CDC to provide a 10% local injection (see Subsection #9 "10% Local Injection" below). The remaining 50% must be financing originating in the "private" sector. (i.e. a non-federal source). The typical structure looks like the following:

TYPICAL STRUCTURE

<u>SOURCE</u>	<u>AMOUNT</u>
Private Sector First Mortgage	50%
SBA 503 Second Mortgage	40%
<u>Local Injection (Equity or 3rd Mortgage)</u>	<u>10%</u>
Project Cost	100%

8. THE 50% FIRST MORTGAGE LOAN (Also refer to Section F - pages 76-78)

The 50% first mortgage loan typically is provided by the SBC's bank of account or by a local real estate lender. The loan is secured by a first mortgage on the assets acquired with the loan proceeds and carries a maturity and interest rate which are "legal and reasonable". Typically, the first mortgage loan has a maturity of at least 10 years and a market rate of interest (near prime). The SBA does not like balloon payment mortgages but will accept them from a financial institution if the maturity is at least 10 years. The SBA, will permit renegotiable rate mortgages with early call options as long as the rate renegotiation formula is established in advance.

The 50% non-federal first mortgage may originate outside the SBC's bank of account or a local real estate lending financial institution. Alternatively, the 50% could be provided through a purchase money mortgage, a non-federal originating state or local loan program, or a private third party.

9. THE 10% LOCAL INJECTION (Also refer to Section G - pages 78-79)

By regulation, each 503 loan must have a "Local Injection" equal to or greater than 10% of the project cost. The local injection will be provided either by the CDC in the form of a third mortgage loan or, if unavailable, by the SBC in the form of an equity down payment or as a combination of the two.

10. PERCENT FINANCING AVAILABLE AND DOWN PAYMENT

With a 50% first mortgage, and a 40% 503 second mortgage the borrower is offered at least 90% financing (maximum down payment of 10%). With a 10% local injection provided from the CDC's own sources, the borrower is provided with 100% financing (no down payment). Notice that the borrower has a 0-10% down payment in the fixed assets acquired with the loan proceeds. This is not meant to indicate that a 503 borrower can have almost no equity in his/her business. The borrower will be required to have a prudent overall debt to equity relationship. By providing the borrower with 90-100% fixed asset financing, the borrower is able to preserve his/her working capital for investment into inventory and receivables as growth occurs as a result of the 503 expansion financing.

11. COLLATERAL

The CDC will secure the 503 loan by taking a subordinated mortgage (generally a second mortgage) in the assets which are purchased with the loan proceeds. This collateral is then assigned to the SBA in consideration for them providing the 100% guarantee of the debenture purchased by the FFB.

12. PERSONAL GUARANTEES -

The principals of the SBC normally will be required to guarantee the loan made to the SBC. The guarantees will be assigned to the SBA. As a rule of thumb, any officer, owner, or director who controls 20% or more of the stock of the company will be requested to guarantee the loan. Exceptions selectively are made for passive or near retirement age owners as long as other owners provide a guarantee.

13. PERSONAL NET WORTH OF PRINCIPALS

By law, SBA may not provide financing in projects where funds are otherwise available. In other SBA lending programs, this is interpreted to mean that high net worth owners must liquidate their personal resources and invest them into the SBC before becoming eligible for SBA financing. Under SBA 502 and 503, however, if the project has a substantial economic development impact on the community, individuals will not be required to invest their total personal resources into the project. As a part of the loan package, the CDC should carefully document the beneficial impact on the community (e.g. jobs created or retained, renovating an eyesore on a commercial strip, improving the provision of goods and services to the community etc.).

14. KEY MAN/WOMAN LIFE INSURANCE

The well-being of an SBC is dependent upon the well-being of its owner manager. Unlike Fortune 500 Companies, the death or severe illness of the SBC's owner may jeopardize the ability of the company to operate. For this reason the SBA may require Key man/woman life insurance with the SBA named as beneficiary in case of owner death. The insurance may be term life (the lowest cost), with a declining balance equal to the outstanding loan balance. Upon the owner's death, the insurance proceeds liquidate the company's debt, thereby absolving the owner's estate from that obligation.

15. CREDIT CRITERIA

The SBA 503 loan program is a lending program for healthy and expanding small businesses. The credit criteria requires the SBC to be able to demonstrate adequate cash flow from operations to repay debt, adequate working capital, and sufficient collateral. 503 is not a good loan program for start-ups, turnarounds, and marginal businesses who should be using their limited debt capacity for working capital purposes.

16. INTERIM FINANCING AND MORATORIUMS

SBA 503 financing is "permanent" take-out mortgage financing. The CDC's debenture will be sold to the FFB only after the project has been completed and is ready for occupancy by the SBC. Interim or construction financing must be utilized by the SBC to complete the project.

Upon sale of the debenture, the CDC and the SBC must begin repayment the month immediately following the debenture sale. There may be no moratoriums of principal and/or interest. The FFB purchases the debenture by borrowing money in the long-term capital markets through the issuance of a U.S. Treasury Bond. The Treasury guarantees the purchaser of the bond timely payment of principal and interest; if the borrower falls behind in its payment, the SBA must make up the shortfall.

17. SIZE STANDARDS

Under 503 regulations, a business is considered to be small business if it meets both of the following size tests:

. Net Worth \leq \$6.0 million

AND

. Profits After Tax \leq \$2.0 million (average last 2 years)

Should a company fail to meet both 503 size standards, the company will still be considered a small business if it meets the 7(a) size standards applicable for the company. In labor surplus areas (designated by the Department of Labor), the applicable size standards under both 503 and 7(a) may be increased by 25%.

18. ELIGIBLE AND INELIGIBLE BUSINESSES

- . Eligible SBC borrowers are operating, user, for-profit businesses who meet the SBA size standards and who are located within the CDC's boundaries.
- . Ineligible SBC borrowers include not-for-profit businesses, passive investment and real estate companies, financial institutions, developer/landlord deals, and unregulated media firms.

19. JOB CREATION CRITERIA

A major purpose of 503 is to aid communities in creating jobs and tax base in the community. The SBA wants its dollars to be effectively and efficiently employed in the job creation process and the Agency will review the jobs created in each project to verify that there exists a substantial economic development impact on the community. Overall, the SBA is looking for one job created or retained for each \$15,000 of debenture.

Unlike other federal agencies, however, SBA has no rigid thresholds a project must clear before being considered eligible. As a result, projects which have high community impact, but low direct job impact (e.g. renovating the key structure on a commercial strip) can be eligible even though the direct job impact is somewhat limited.

20. ELIGIBLE AREAS

All areas in the U.S. are eligible CDC areas. A CDC must be incorporated within a single state and must define its boundaries within that state; its boundaries may not overlap state boundaries. The SBC receiving CDC assistance should be located within the CDC's boundaries; exceptions must be approved by the SBA.

21. PARTICIPATION WITH TAX-EXEMPT ISSUES

A tax exempt revenue bond may not be the first mortgage in a 503 project. Tax exempt financing, however, may finance one part of a company's project (e.g. the land and building) and 503 may be used in another (e.g. the M&E). The tax-exempt portion will not be credited to the 50% non-federal portion of the project cost.

22. FEES

a. First Mortgage Lender

The SBA imposes no restrictions on the First Mortgage Lender's fees other than requiring the fees to be "legal and reasonable"

b. Certified Development Company

The CDC may receive two fees for participating in a project.

. 1½% one-time Processing Fee on the debenture amount.

. ½% annual Servicing Fee on the declining loan balance

c. Central Fiscal Agent

The Central Fiscal Agent (CFA-the CDC's agent) will receive two fees from the SBC

. ¼% one-time Initiation Fee on the debenture amount

. 1/8% annual Servicing Fee (1/16% after Year 5)
the declining loan balance

d. Federal Financing Bank

. The FFB adds on a 1/8% annual servicing fee for its participation in the project. In effect, it borrows at Treasury Bond rate and lends at Treasury Bond + 1/8%.

e. SBA

. The SBA charges no fees

f. Net Cost to Borrower

. The net cost to the borrower (excluding one-time charges) is Treasury Bond plus 3/4% as follows:

.	FFB: Treasury Bond + 1/8%
.	CFA: 1/8%
.	<u>CDC: 1/2%</u>

Net Cost: Treasury Bonds + 3/4%

Refer to Chapter 14 "Selling and Disbursing the Debenture" for a more thorough discussion of fees.

23. MIXING AND MATCHING LOAN PROGRAMS

. SBA 501/502 AND 503

An SBC may borrow under 501/502, and 503. The total outstanding under the three programs combined cannot exceed \$500,000 of SBA exposure per SBC.

. SBA 503 and 7(a)

The SBC may borrow under both 7(a) and 503 simultaneously. The total SBA exposure may not exceed \$500,000 in each program. Maximum SBA exposure for both programs is \$1.0 million per SBC. 7(a) "companion loans" are to be used for working capital and short-lived M&E ineligible for 503. If a 7(a) companion loan is used for acquisition of 503 eligible assets, the 7(a) portion counts against the 40% SBA project participation limit.

. SBA 503 and Other Federal Loan Programs

503 can be utilized with any other federal agency loan program (e.g. CDBG, UDAG, FmHA, EDA, etc.) The combined 503 and other federal agency participation may not exceed 50% of the project cost.

D. ELIGIBLE USE OF PROCEEDS

The CDC debenture may not exceed 40% of the eligible fixed asset project cost. Eligible project costs are defined to include:

1. ACQUISITION OF LAND

- . Actual cost plus any cost of improvements made to the land subsequent to acquisition.
- . Occasionally, appraised value of land may be used in lieu of land cost if justified by at least one of following: 1) evidence of improvements made subsequent to the acquisition; 2) the estimate of value is made by a nationally recognized appraisal society; 3) the estimate of value is made by two independent real estate firms (in lieu of an appraisal society); 4) the first mortgage lender justifies value.

2. LAND IMPROVEMENTS including:

- . Grading
- . Street improvements
- . Parking lots
- . Utilities
- . Landscaping

Any land improvements which are financed through a levy of taxes may not be included as eligible project costs.

3. CONSTRUCTION OF A NEW BUILDING or a renovation or major addition to an existing building. Eligible costs include the funds required to complete the construction and occupy the premises.

4. ACQUISITION OF AN EXISTING BUILDING including any applicable fees required to gain clear title to the property.

5. LEASEHOLD IMPROVEMENTS if the improvements have a normal useful life equal to the debenture (minimum of 15 years) and the SBC has the right to occupy the premises for the term of the debenture. The right to occupy can include renewal options if the right of renewal rests with the lessee (SBC).

6. ACQUISITION OF MACHINERY AND EQUIPMENT (M&E), independent of real estate if it has a normal useful life of 15 years or more. Acquisition includes the cost of purchase, delivery, and installation. If the SBC's existing M&E is being moved from one location, the cost of dismantling, moving and reinstalling the M&E may be included as an eligible project cost.
7. A CONTINGENCY fund equal to 15% of construction cost may be included in eligible project costs.
8. PAYMENT OF PROFESSIONAL FEES required to make the project happen may be included as eligible project costs. Included in the eligible fees are:
 - . Surveying
 - . Appraising
 - . Accounting
 - . Engineering
 - . Legal
 - . Architectural

Closing costs other than attorney fees are not eligible project costs

9. REPAYMENT OF INTERIM FINANCING AND PAYING-OFF A MORTGAGE in order to obtain a first lien position for the 50% first mortgage lender. Under very unusual circumstances 503 financing may be used to consolidate or refinance existing debt if prudent credit reasons justify the refinancing or consolidation.

E. INELIGIBLE PROJECT COSTS

Ineligible project costs include the following:

- . Incorporation and organizational expenses
- . Counseling fees
- . Finders fees (i.e. fees for finding financing; real estate brokerage fees are eligible)
- . Commitment fees (i.e. points on the first mortgage are not part of the eligible project cost). Points may be charged, but they will not be included as a part of the 50% private sector portion of the project.
- . Application fees
- . Origination fees
- . Working Capital
- . Furniture and equipment with life less than the maturity of the debenture.
- . Closing costs including title insurance etc., but not including the 1½% processing fee.

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F. ALTERNATIVE SOURCES OF THE 50% FIRST MORTGAGE

1. OVERVIEW

At least 50% of the project cost in a 503 project must be provided from "non-federal" sources. In a typical 503 deal, the 50% first mortgage will be provided by a commercial bank, savings bank, S&L, insurance company or pension fund. These lenders are defined as "regulated lenders" because they are regularly examined by federal or state regulatory authorities. Alternative sources of the 50% first mortgage may include purchase money mortgages (take-back financing), state and local municipal loan programs, and private third parties (known as "private lenders" or "unregulated" lenders).

2. REGULATED LENDERS

Regulated lenders include commercial banks, S&L's, savings banks, insurance companies and most pension funds. The SBA places several restrictions on their participation including the following:

- Amount: The first mortgage must constitute an amount equal to or greater than the SBA portion of the project. Because the SBA maximum participation is 40%, the regulated lender's minimum first mortgage participation must be at least 40% (the remaining 20% could be local injection).
- Maturity: The Maturity must be "reasonable" with respect to the 503 maturity (i.e. at least half as long as the SBA debenture and at least 10 years).
- Prepayment: Prepayment privileges are permitted if the lender and SBC desire them.
- Rate: The rate must be "legal and reasonable", fixed or variable, or renegotiable (the renegotiation formula must be known in advance).

3. UNREGULATED LENDERS

Private third party individuals or companies who normally are not regulated or reviewed by a federal or state regulatory agency may provide the private sector participation under these following conditions:

- Amount: The unregulated lender's share should be equal to or greater than the SBA's participation.
- Maturity: The maturity must be equal to or greater than the SBA 503 maturity.
- Rate: The rate must be fixed and may not exceed the New York prime on the date the application is received by the SBA.
- Prepayment: Not permissible.
- Collateral: Subordinate to SBA wherever possible. Subordination, however, will not be typically obtainable.
- Interest in SBC: The unregulated lender may not have a pecuniary interest in the SBC other than as a lender to a borrower. The lender may not own a portion of the SBC nor be a family member or close associate of the principals of the SBC. The loan cannot be conditional on a binding management contract imposed by the lender on the SBC.

The CDC as an unregulated lender, may provide the 50% non-federal portion of the financing if it complies with the above conditions and subordinates its position to the SBA. Remember, however, that if the CDC derives its financing from a federal source, the sum of the 503 loan and the CDC participation may not exceed 50%.

4. PURCHASE MONEY MORTGAGES

As a part of the sales transaction, the seller may agree to provide a portion of the financing by "taking-back" a note in lieu of a full cash settlement. To protect himself/herself the seller will normally place a lien on the property, the title to which has been transferred to the SBC. This form of financing (taking back a note and securing oneself with a mortgage) is known as a "purchase money mortgage" (PMM).

A PMM may be used to provide the first mortgage if the following terms and conditions are met:

- Amount: The PMM participation should be equal to or greater than the SBA 503 share of financing. The value of the property and the fairness of the price must be verified by appraisal.
- Maturity: The PMM's maturity must be at least 10 years. If part of the sale involves the assumption of an existing PMM, the term remaining on the PMM must be at least 5 years.
- Rate: May not exceed the CDC Debenture rate + 3%.
- Use of Proceeds: Use of PMMs are limited to land and building. No machinery and equipment PMMs are permitted.
- Prepayment: Not permissible
- Interest in SBC: The seller of the property must not have a pecuniary interest in the SBC except as a lender to the SBC.

5. STATE AND LOCAL LOAN PROGRAMS

State and local government loan programs may be used in conjunction with 503 financing. If the source of the state and local funds are federal dollars (e.g. HUD CDBG funds, EDA 304 grants to states etc.), the sum of the state/local participation plus the 503 participation may not exceed 50% of the eligible project cost. If the state or local funds are derived from tax-exempt bonds, 503 funds may not participate in the project.

If the state/local funds are not derived from federal or tax exempt sources they may constitute the non-federal first mortgage source of funds. If the state/local program acts as an unregulated lender, it must meet the term and conditions of lending outlined in "Unregulated Lender" (Item #3 above). If the state/local program acts as a regulated lender, it must operate within the guidelines outlined in Item #2 above, "Regulated Lenders."

G. THE LOCAL INJECTION

1. LOCAL INJECTION PROVIDED BY THE SBC

Local injection must take the form of cash or property. It may not take the form of an "in-kind" contribution for services rendered by the SBC (or the CDC). Generally it may not take the form of equity in an existing property already owned by the SBC. Land which is already owned by the SBC may be donated as the Local Injection so long as it becomes a meaningful part of the project (i.e. new construction or an expansion occurs on the land).

A piece of M&E or a property recently acquired in anticipation of the 503 project may be used as the Local Injection with SBA approval. A better procedure is to take control of the property through an option or a purchase agreement (subject to satisfactory financing) and proceeding with the 503 loan application prior to the acquisition of the M&E or property. If the SBC makes the Local Injection, the Company must provide cash, fixed assets (verified by appraisal), or evidence of the cash injection (i.e. paid invoices) in the proper amounts.

2. LOCAL INJECTION PROVIDED BY THE CDC

Many CDC's have their own pool of funds for local injection purposes. Typically these funds are derived from grants from governmental institutions including HUD CDBG funds, EDA Title IX grants, or state or local lending programs. Alternatively, they may be raised by utilizing the CDC's ability as a not-for-profit corporation to receive contributions from financial institutions, Chambers of Commerce, revenue bonding authorities, etc. Finally, a CDC may obtain local injection funds through the sale of stock or the borrowing of money. When the CDC provides the Local Injection, the injection takes the form of a mortgage subordinated to the 503 debenture. The mortgage has the following restrictions:

- Amount: The local injection must be equal to or greater than 10% of the project cost
- Rate: The rate must be "legal and reasonable". Typically the rate is very low to offer extra incentive to the borrower.
- Term: The term must be at least as long as the SBA 503 debenture
- Prepayment: The local injection may not be paid off at a rate faster than the SBA 503 debenture.
- Collateral Position: The collateral position of the local injection must be subordinated to the SBA 503 debenture
- Source of Funds: If the local injection funds originate in the federal government (e.g. HUD CDBG funds, EDA grants etc.), the funds are counted as federal dollars. The sum of the 503 debenture dollars and the other federal-source dollars cannot exceed 50% of project cost.

H. SBA 7(a) COMPANION LOANS

A companion loan is any loan request received prior to the final action on a 503 application. Both the 503 and 7(a) authorizations must be contingent upon the other. No 7(a) loan guarantee may guarantee any portion of the 503 loan's 50% private sector first mortgage. Any 7(a) guaranteed loan proceeds used to finance any part of the 503 project cost will be counted as part of the SBA maximum 40% share of project cost. As a result, any 7(a) guaranteed loan which is used to acquire 503 eligible assets in a 503 project will reduce the 503 dollars in the project. Ineligible 503 assets (working capital and short-lived M&E), however, will not be counted against the 40% share.

Because of the companion loan restrictions, deals must be structured carefully. In projects in which the 7(a) loan proceeds are specifically ineligible for 503, 503 and 7(a) can offer a combined \$1.0 million of financing.

MAXIMUM SBA EXPOSURE

$$503 \text{ Proceeds} + 7(a) \text{ Gty. Proceeds (503 Ineligible)} \leq \$1.0 \text{ million}$$

In large 503 projects which exceed SBA's 503 limit of \$500,000 (i.e. the total project cost exceeds \$1,250,000), 7(a) guarantees may be utilized so long as the sum of 7(a) dollars and 503 dollars do not exceed both 40% of project costs and \$1.0 million.

MAXIMUM SBA EXPOSURE

$$503 \text{ Proceeds} + 7(a) \text{ Gty. Proceeds (503 Eligible)} \leq 40\% \text{ Project Cost}$$

AND

$$503 \text{ Proceeds} + 7(a) \text{ Gty. Proceeds} \leq \$1.0 \text{ million}$$

I. STRUCTURING DEALS

1. THE TYPICAL STRUCTURE

As outlined in Section C "Program Criteria" above, the typical project will have the following structure:

TYPICAL STRUCTURE

<u>SOURCE</u>	<u>AMOUNT</u>
Private Sector First Mortgage	50%
SBA 503 2nd Mortgage Debenture	40%
<u>Local Injection (3rd Mortg. or Equity)</u>	<u>10%</u>
TOTAL SOURCE	100%

This is known as the "50-40-10" structure.

2. LARGER DEALS

The SBA maximum participation is \$500,000 or 40% of a project cost, whichever is smaller. The maximum "50-40-10" deal is \$1,250,000 as follows:

<u>SOURCE</u>	<u>%</u>	<u>AMOUNT</u>
First Mortgage	50	\$ 625,000
SBA 503 Debenture	40	500,000
<u>Local Injection</u>	<u>10</u>	<u>125,000</u>
Total Financing	100%	\$ 1,250,000

For deals larger than \$1,250,000, the SBA's 503 maximum participation will be held at \$500,000 and the percentage SBA participation will fall. Alternatively, a portion of the overall project (say a piece of M&E) can be separated out and financed as a separate project using an SBA 7(a) guaranteed companion loan. If the separated-out assets are specifically 503 eligible (i.e. have a useful life of 15 years or more), the sum of the 503 and 7(a) financing can not exceed 40% of project cost.

3. EXAMPLE 6A: LARGER DEALS

The ABC Company has a \$1.5 million project consisting of the following components:

. Acquisition of Land	\$ 150,000
. Construction of Building	1,000,000
. <u>Purchase of M&E</u>	<u>350,000</u>
Project Cost	\$ 1,500,000

The SBA's maximum 503 participation is \$500,000 and the minimum local injection is \$150,000 (10%). A first mortgage loan of \$850,000 would round out the project:

<u>SOURCE</u>	<u>%</u>	<u>AMOUNT</u>
First Mortgage	57	\$ 850,000
SBA 503 2nd Mortgage	33	500,000
<u>Local Injection</u>	<u>10</u>	<u>150,000</u>
Project Cost	100%	\$ 1,500,000

Alternatively, \$250,000 of the M&E could be separated out of the project (returning the project size to \$1,250,000) and financed as a separate project. Potentially, an SBA 7(a) guaranteed companion loan could be structured for this portion if the \$250,000 of assets were short-lived assets specifically ineligible for 503. The restructured 503 loan would be:

<u>SOURCE</u>	<u>%</u>	<u>AMOUNT</u>
First Mortgage	42	\$ 625,000
SBA 503 2nd Mortgage	33	500,000
<u>Local Injection</u>	<u>8</u>	<u>125,000</u>
Total 503 Loan	83	\$ 1,250,000
<u>Separate M&E Loan (7(a) Gty.)</u>	<u>17</u>	<u>250,000</u>
Total Financing	100%	\$ 1,500,000

Note that while this restructure has reduced the local injection by \$25,000, it still meets the 10% Local Injection test for a \$1,250,000 503 project.

4. LOCAL INJECTION EXCEEDING 10%

Some SBC's and CDC's will have more than 10% available for local injection in a project. Because the SBA 503 portion of the financing is the most attractive (lowest rate and longest term), SBCs normally seek to use the larger local injection to reduce the first mortgage financing while holding the SBA's portion at 40% of project cost. SBA policy requires the first mortgage loan to be at least as large as the SBA's portion of the financing.

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Therefore, as the amount of cash available or local injection increases in a specific project, the local injection will replace the first mortgage share, dollar-for-dollar, up to a 40-40-20% split after which the increasing local injection will reduce the first mortgage and SBA second mortgage equally. Typical structures would be:

	<u>LOCAL INJECTION OF</u>			
	<u>10%</u>	<u>15%</u>	<u>20%</u>	<u>30%</u>
First Mortgage	50	45	40	35
SBA 503 2nd Mortgage	40	40	40	35
<u>Local Injection</u>	<u>10</u>	<u>15</u>	<u>20</u>	<u>30</u>
Total Financing "	100%	100%	100%	100%

If the SBC has a local injection in excess of 1/3 of the project cost, the SBA will decline participation in the project because it assumes the SBC can obtain the balance through a conventional first mortgage.

5. SBC OCCUPIES LESS THAN 100% OF THE BUILDING SPACE

-a) EXISTING BUILDINGS

When an SBC acquires an already existing building, it may need less than 100% of the building's space for its own purposes and desire to lease out the remaining area to other tenants. To be eligible for any 503 financing, the SBC must occupy at least 50% of the building space. If 50% or more is utilized by the SBC, 503 financing may be used to acquire the entire building, renovate the entire facade, roof, and infrastructure (plumbing, heating, etc.), and finish and equip the portion of building used by the SBC. No 503 funds may be used to renovate the area intended to be leased out and private sector first mortgage funds utilized for that purpose will not be counted in meeting the 50% first mortgage requirement. To structure such a project, the first mortgage lender may advance more than 50% (the excess applied to renovating the space for lease) and receive a first mortgage on the entire amount advanced. The SBA funds will be equal 40% of the cost of acquiring the building, renovating the exterior and infrastructure and finishing the space utilized by the SBC.

b) NEW CONSTRUCTION

When an SBC acquires an existing building, it must acquire the entire structure even if the space exceeds the company's existing needs. Such is not the case however, in new construction. The SBC can build to suit his/her existing needs and the SBA, unable by law to finance a landlord deal, does not expect the project to include rental income space. The SBA, however, recognizes that the new building should be large enough to provide room for growth. As a result, the SBA will permit the SBC to lease out up to 15% of the newly constructed space to tenants for a period of up to 3 years. After that point in time, the SBC should occupy the entire structure.

6. EXAMPLE #6B: OCCUPYING LESS THAN 100% OF THE SPACE

The ABC Company, a small growing tool and die manufacturer, has outgrown its 10,000 square foot facility in Inner City, Pennsylvania. The Company has identified a larger structure suitable for its needs, a 30,000 square ft. building partitioned into three 10,000 sq. ft. units. The space is ideally located (near the company's existing location), attractively priced, and has a superior lay-out. The company believes it will utilize 20,000 sq. feet of space immediately and expand into the entire building within 5 years. In the meantime, it desires to lease out one of the three units on a short term lease basis at \$1.50 per sq. ft., fully net lease. The company estimates the total project cost to be \$750,000 as follows:

ABC PROJECT

.	Acquisition of the Building	\$ 300,000
.	Exterior Renovations and Infrastructure Improvements	100,000
.	Finishing 20,000 sq. ft. of space for ABC	150,000
.	Finishing 10,000 sq. ft. of space for lease	100,000
.	New M&E, acquisition and installation	95,000
.	<u>M&E Moving expenses for ABC</u>	<u>5,000</u>
	Total Project Cost	\$ 750,000

Under 503, the cost of acquiring the entire structure and all of the exterior and infrastructure improvements are eligible project costs as well as the cost of finishing ABC's space, acquiring new M&E and moving ABC's existing M&E to the new facility. 40% of this amount may be financed under 503 as follows:

ELIGIBLE 503 COSTS

.	Acquisition of Building	\$ 300,000
.	Exterior and Infrastructure	100,000
.	Finishing ABC Space	150,000
.	ABC M&E and Moving	100,000
	<u>Eligible 503 Project Cost</u>	<u>\$ 650,000</u>
	x SBA Share	x 40%
	<u>SBA 503 Loan</u>	<u>\$ 260,000</u>

The total project cost of \$750,000 will require a \$75,000 local injection. The first mortgage lender must provide a mortgage of \$415,000 to complete the project.

<u>SOURCE</u>	<u>AMOUNT</u>	<u>%</u>
First Mortgage	\$ 415,000	55
SBA 503 2nd Mortgage	260,000	35
<u>Local Injection</u>	<u>75,000</u>	<u>10</u>
Total Financing	\$ 750,000	100

Alternatively, the cost of finishing the space for lease could be financed separately thereby lowering the project cost to \$650,000 and reducing the local injection to \$65,000.

J. ALTER-EGO REAL ESTATE HOLDING COMPANIES

Frequently the principals of the SBC will personally own the fixed assets used by the SBC in order to receive depreciation as a personal tax deduction. Legally, the principals lease the real estate, M&E etc. to the SBC. When they apply for a 503 loan to renovate existing assets or to acquire new fixed assets, they will request the loan to be made to them personally in order to continue the personal ownership basis. Technically, because they are landlords and not "users" they are ineligible SBA borrowers. The SBA, however, recognizes the soundness of the principals owning the real estate and fixed assets personally. The entity owning the assets is known as the "alter-ego" of the SBC because the principals and the SBC virtually are the same thing. The SBA has ruled that the alter-ego will be an eligible borrower if it is a "mirror-image" of the SBC. The organizational forms may be different (e.g. the SBC may be a corporation and the alter-ego may be a proprietorship or partnership), but the SBC and the alter-ego must be identical in all other respects.

For example, if the SBC and its alter-ego have the following ownership composition, it will not be an eligible 503 project.

<u>Owners</u>	<u>% Ownership in SBC</u>	<u>% Ownership in Alter-Ego</u>
Muffy	33 1/3%	33%
Trixie	33 1/3%	33%
Biffy	33 1/3%	33%
Randolph	0 %	1%
Total Ownership	100%	100%

K. CDC LIMITED COLLATERAL NOTE

Normally the CDC will borrow funds from the FFB and relend these funds to the beneficiary SBC. The CDC will have no ability to repay debt beyond the receipt of loan payments from the SBC. Recognizing this fact, the SBA limits its recovery from the CDC, in the event of default, to the collateral hvothecated (the 2nd mortgage and personal guarantees) as security in the loan made by the CDC to the SBC. The Agency is thereby precluded from foreclosing on the other assets of the CDC. Neither the members nor the directors of the CDC are personally liable for repayment and other assets of the CDC (including the notes receivable from successful 503 projects) are insulated. The CDC does not become a house of cards which becomes paralyzed should a loan become delinquent. The limited collateral note does not exempt the directors from liability in situations where they commit fraud or gross negligence.

L. THE FEDERAL FINANCING BANK AND THE CENTRAL FISCAL AGENT

1. THE FEDERAL FINANCING BANK

The Federal Financing Bank (FFB) provides financing by purchasing a debenture from the CDC under instructions from the SBA who provides the FFB with a 100% guarantee of the timely payment of principal and interest. The FFB, which is a small office within the Department of Treasury, obtains its funds from the Treasury who in turn obtains its funds by selling Treasury Bonds of similar maturity into the open market. The FFB in no way makes a credit decision, reviews the loan package or the loan closing documents. It leaves all the processing and credit approval responsibilities to the SBA and operates solely on SBA's instructions. Its function is bookkeeping, accumulating debentures of similar maturities into denominations which can be sold into the open market. It borrows its funds at the Treasury Bond rate and relends them to the CDC at Treasury Bond + 1/8%.

2. THE CFA

While the FFB provides the financing, the Central Fiscal Agent (CFA) provides the disbursement, collection and accounting services for each loan. The designated CFA (Chemical Bank of New York) receives the funds from the FFB, establishes a reserve account and an escrow account for each loan, distributes the CDC's processing fee, pays-out the interim lender's financing and credits the balance to the SBC. The CFA will then receive the monthly payments from the SBC, pay the CDC its servicing fee, transfer the funds to the FFB and provide an accounting of the transaction to the SBA and CDC. In consideration for these services the CFA receives two fees:

- . A one-time Initiation Fee of $\frac{1}{4}$ of 1% of the debenture amount
- .. An annual Servicing Fee of $\frac{1}{8}$ of 1% of the outstanding debenture balance for the first five years. After 5 years, the fee will decrease to $\frac{1}{16}$ of 1% annually.

M. THE DEBENTURE SALE AND LOAN CLOSING

1. THE DEBENTURE IS TAKE-OUT FINANCING

SBA 503 debentures provide long-term take-out financing in a project. To acquire and construct the project, an interim or construction lender must provide short-term financing based upon the take-out commitments of the first mortgage lender and the SBA. Typically, the first mortgage lender will serve as the construction/interim lender and provide 90-100% of the project financing during the acquisition and construction phases. After the project is completed, the FFB will purchase a subordinated share of the total project financing from the interim lender. 503 funds may not be used as progress payments and other forms of interim/construction lending.

2. THE SALE AND DISBURSEMENT PROCESS

To protect the CDC, the SBA will instruct the FFB to purchase the debenture only after all the loan closing documents have been properly executed and the local SBA and CDC attorneys have provided opinions of counsel stating that all the loan documents have been executed in accordance with the SBA's take-out commitment (known as the "authorization"). The debenture sale and disbursement process is a six step process as follows:

- a. The Loan Documents are executed and the CDC's Opinion of Counsel is rendered
- b. The local SBA attorney reviews the documents and forwards the debenture to SBA Central Office in Washington.

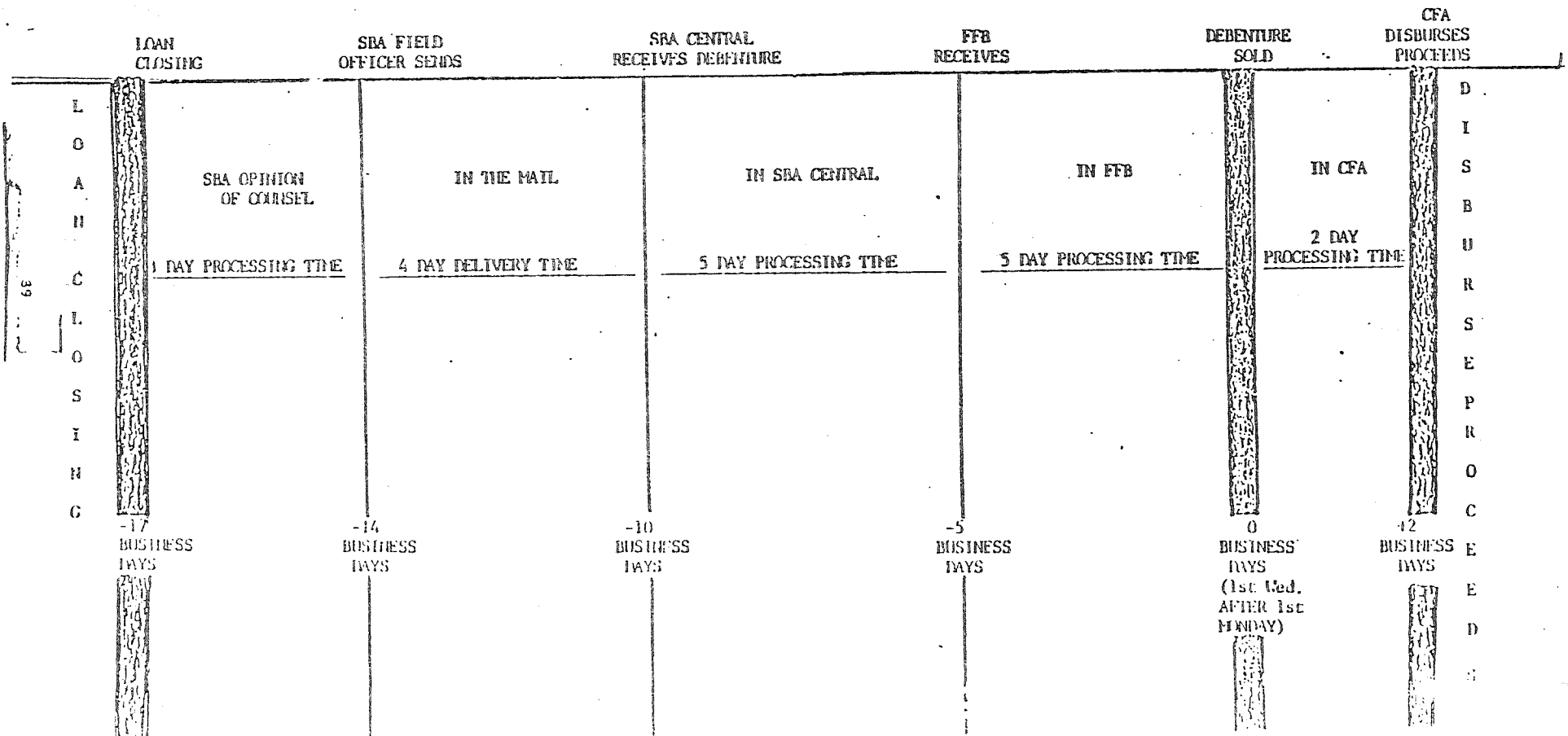
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- c. The SBA Central Office forwards the Debenture to the FFB with instructions to purchase the debenture
- d. The FFB goes to market, issues a Treasury Bond and buys the debenture
- e. The FFB wire transfers the debenture proceeds to the CFA
- f. The CFA disburses the proceeds.

3. THE DEBENTURE SALE TIMETABLE

The FFB will purchase CDC debentures on the first Wednesday after the first Monday in each month (i.e. somewhere between the 3rd to the 9th day of the month). The FFB requires the SBA to deliver the debentures to the FFB one week (five business days) prior to the sale date. The SBA Central Office requires the SBA Field Office to deliver the debentures to SBA Central Office one week (five business days) prior to delivering the debentures to the FFB. Assuming a four day delivery time from the Field Office to the Central Office and a 4 day turnaround time to obtain local SBA's Opinion of Counsel, the loan must be closed about 18 business days prior to the debenture sale. The loan closing, therefore, must be held before the 10th day of the month preceeding the debenture sale. After the sale, the CFA will distribute the proceeds by wire transfer within 48 hours. (For a more thorough discussion of the loan closing and debenture sale process, please refer to Chapters 13 and 14).

THE DEBENTURE SALE TIMELINE



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N. PREPAYING THE DEBENTURE

THE FFB purchases a 503 debenture by issuing a corresponding Treasury Bond of like rate and maturity. Treasury Bonds assure purchasers of "timely payment" of principal and interest. The phrase "timely payment" guarantees the purchaser that the bond will be repaid on the promised payment date and not before or after the promised dates. The purchaser is thereby able to lock himself/herself into a known and fixed yield from the issue date to the maturity date of the bond.

If a debenture is prepaid, the "timely payment" guarantee requires that the bond holder be made whole (i.e. he/she must be paid an amount which provides him/her with the guaranteed yield to maturity). To prepay the debenture, the Treasury will repurchase the outstanding bond at its market value. If rates have fallen between the time of issuance and the time of repurchase, the bond will now carry a higher-than-market coupon rate when repurchase occurs. The market value of the bond will have risen (the bond offers the holder a better-than-market rate of return) and the Treasury must pay the holder a premium in order to induce him/her to sell it back to the Treasury. The Treasury will pass this premium cost back to the SBC. Conversely if rates have risen between the time of issuance and time of repurchase, the bond will now carry a lower-than-market coupon rate at time of repurchase. The bond's value will have fallen because the holder is receiving a worse-than-market rate of return and the Treasury will be able to repurchase it at a discount. The windfall will be passed back to the SBC.

These premium penalties and discount windfalls are passed on to the SBC. Ergo, while there are no prepayment penalties per se, if rates are lower when the prepayment occurs, the SBC will pay a prepayment premium to induce the holder of the Treasury bond to liquidate the bond in the lower rate environment. (Refer to Chapter 15 for a more thorough discussion of prepayment).

O.

503 CRITERIA CHECKLIST

TYPE OF FINANCING	User								
LEGAL BORROWER	CDC								
LENDER	Federal Financing Bank (FFB) purchases CDC Debenture								
GUARANTEE AMOUNT	SBA provides 100% guarantee to FFB								
MAXIMUM LOAN AMOUNT	UP TO \$500,000 per SBC								
USE OF PROCEEDS	Fixed Assets								
TERM OF LOAN	Up to 25 years, based upon economic life of the assets purchased with the loan. Loan maturities of 15-20-25 years								
RATE OF INTEREST	<u>CDC</u> - 3/4% above Treasury Bonds of same maturity <u>Private Sector Lender</u> - First Mortgage to be made at market rate determined by Lender without SBA restriction								
% FINANCING AVAILABLE	90-100%								
DOWN PAYMENT	0-10%								
TYPICAL STRUCTURE	<table> <tr> <td>First Mortgage or PMM from Private Sector</td> <td>50%</td> </tr> <tr> <td>503 Debenture</td> <td>40%</td> </tr> <tr> <td><u>Local Injection</u></td> <td><u>10%</u></td> </tr> <tr> <td>Project Cost</td> <td>100%</td> </tr> </table>	First Mortgage or PMM from Private Sector	50%	503 Debenture	40%	<u>Local Injection</u>	<u>10%</u>	Project Cost	100%
First Mortgage or PMM from Private Sector	50%								
503 Debenture	40%								
<u>Local Injection</u>	<u>10%</u>								
Project Cost	100%								

LOCAL INJECTION	At least 10% in each deal. If CDC has no funds, all or part of 10% may come from SBC
CREDIT CRITERIA	<ul style="list-style-type: none"> . CF > D/S . Collateral sufficient to secure the loan
COLLATERAL	Lien on assets purchased with loan proceeds
PERSONAL GUARANTEES	Probably Yes
PERSONAL NET WORTH & OUTSIDE ASSETS	Not as big an issue as in 7(a)
LIFE INSURANCE	Probably Yes
SIZE STANDARDS	<p>NW ≤ \$6.0 million</p> <p>PAT ≤ \$2.0 million</p> <p style="text-align: center;">or</p> <p>7(a) Size Standards</p> <p style="text-align: center;">or</p> <p>25% Labor Surplus Variance on either size standard</p>
ELIGIBLE BUSINESS	Operating for-profit businesses
INELIGIBLE BUSINESSES	<p>Passive income and real estate companies</p> <p>Developer/Landlord Deals</p> <p>Financial Institutions</p> <p>Unregulated media</p> <p>Not-for-profit businesses</p>
JOB CREATION/RETENTION CRITERIA	Goal of \$15,000 of Debenture dollars per Job

ELIGIBLE AREAS	Within CDC Boundaries
TAX-EXEMPT	Debenture may <u>not</u> participate with an IRB
ALTER-EGO	Must be identical to SBC
FEES	<p><u>Servicing Fees</u></p> <p>FFB: 1/8% (over Treasury Bonds) CFA: 1/8% on declining balance CDC: 1/8% on declining balance</p> <p><u>Processing/Initiation Fees</u></p> <p>CFA: 1/4% one-time charge CDC: 1 1/4% one-time charge</p> <p><u>Private Sector Lender</u></p> <p>No fee or rate restrictions on private sector lender first mortgage</p>
MIX AND MATCH	<p>503 + 502 = \$500,000 capacity</p> <p>503 + 7(a) = \$1.0 million capacity but 7(a) cannot guarantee the first mortgage</p> <p>503 + 108 = 50% of project cost</p> <p>503 + UDAG = 50% of project cost</p> <p>503 + CDBG = 50% of project cost</p> <p>In any 503 Loan, 50% of project cost must be private sector (i.e. non-federal guarantee or direct dollars). State dollars count as private sector match</p>
CONSTRUCTION FINANCING	<p>Cannot be used for Construction Lending</p> <p>An Interim Lender is required</p>

CDBG

KANSAS SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT SET-ASIDE

THE PROGRAM:

Community Development Block Grant Economic Development funds help communities to attract or expand local industry. CDBG economic development funds are awarded three times per year on a competitive basis and may provide low-interest subordinated loans and grants for public infrastructure to projects that create or retain jobs for low- and moderate-income persons.

MONEY CAN BE USED FOR:

Land and Buildings	Machinery and Equipment	Infrastructure Improvements
Working Capital	Construction or Renovation of Facilities	

SCOPE:

The State of Kansas currently has approximately \$5 million of CDBG funds set aside for economic development projects in 1985.

A project must maximize private leverage and limit CDBG participation to the minimum amount necessary for project initiation. A low CDBG dollar/job creation ratio and complete recapture of grant funds by the community increases a project's funding potential.

The maximum grant under the competitive program is \$400,000.

ELIGIBILITY:

CDBG economic development funds are available in cities with population under 50,000 (non-entitlement cities) and urban counties with population under 200,000.

LOAN STRUCTURE:

Loans are individually structured by the bank, the business, local officials, and KDED staff. Funds are granted to local governments, which make the loans to businesses. KDED reserves the right to negotiate the CDBG loan. Interest rates are flexible, varying from 0% to prime to fit the company's needs and available cash flow. The CDBG loan is subordinate to the first mortgage and should match the life of the assets being financed. Additional public financing program coordination is possible.

BORROWER ADVANTAGES:

- Flexible repayment to fit borrower needs.
- Below market interest rates to fit company needs.

BANK ADVANTAGES:

- Low risk -- CDBG subordinates its lien position to the lead lender and lowers debt service.
- Stimulates local economic development and adds solid, growing accounts

LOCAL GOVERNMENT ADVANTAGES:

- | | |
|-----------------------------|----------------------------|
| - Improves economic climate | - Creates and retains jobs |
| - Improves tax base | - Funds may be recaptured |

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

KANSAS SMALL CITIES PROGRAM

COMMUNITY DEVELOPMENT BLOCK GRANT
ECONOMIC DEVELOPMENT SET-ASIDE

I. INTRODUCTION

Economic Development is a critical issue throughout Kansas. Since the State is essentially comprised of small- and medium- sized communities, it is often handicapped in terms of economic development resources. Large cities can more readily set up revolving loan funds, provide venture capital funding, capitalize local development corporations, and hire community and economic development professionals trained to coordinate and package sources of investment capital for growing businesses. Small cities, on the other hand, face numerous financial and structural barriers which hinder their competitiveness in the economic development process.

Kansas is also a state of primarily small- and medium-sized businesses; over eighty-five percent of all jobs in the State are created by these firms. Historically, however, small- and medium-sized businesses have encountered many problems in accessing long-term, low-interest loans and have relied instead on short-term, high-cost capital from traditional financing sources.

It is the commitment of the State of Kansas to achieve a workable public/private partnership to accomplish the mutual objectives of job creation, increases in productivity, development of new markets, and diversification of the economic base. The Community Development Block Grant (CDBG) economic development set-aside administered by the Kansas Department of Economic Development (KDED) is one of the means for achieving these goals.

II. THE PROGRAM

In 1981, Congress amended the Housing and Community Development Act to make the non-entitlement portion of the Community Development Block Grant available for state administration. The non-entitlement portion of the CDBG is directed at those cities with a population of less than 50,000. The State of Kansas assumed the administration of the Small Cities Program for the first time in Fiscal Year 1984. The Kansas Department of Economic Development was selected to administer the program due to its record of providing planning and community development assistance to Kansas communities.

The State of Kansas has identified the following goal and objectives for the Kansas Small Cities CDBG Program which relate specifically to economic development:



Goal: To improve local economies and the economic well-being of the people of Kansas.

Objectives: To encourage private investment which will result in: (1) creation of new jobs and income generation and/or (2) the expansion of the tax base;

To encourage the creation and retention of viable businesses which employ and serve the local population;

To promote a strong local government role in maintaining and improving the basic community infrastructure which is essential to the well-being of the community and its economy.

Within the statutory requirements set out by the federal Act and the regulations established by the U. S. Department of Housing and Urban Development, the state has considerable flexibility to design its own procedures for program administration and to develop criteria for selection of grant recipients. The information included here provides information on the 1985 program as it is currently structured. For the 1986 program year, changes have been suggested and are under consideration.

Of the total amount of Small Cities CDBG (approximately \$16.9 million for 1985), 20-40% or approximately \$5 million is allocated to economic development grants. The total economic development set-aside will be allocated to the three application periods in amounts approximately equal to one-third of the total. These funds can be used by eligible communities to attract or expand local industry, and the funds may be used to provide low-interest subordinated loans and grants for public infrastructure to projects that create or retain jobs available for low- and moderate-income individuals.

III. ELIGIBLE APPLICANTS

Eligible applicants under the Small Cities Program are defined as general purpose units of government -- all counties and cities which are not participants in the entitlement program. Those cities which would be excluded from participation in the Kansas Small Cities Program because of their "entitlement" status include seven Kansas communities: Kansas City, Lawrence, Leavenworth, Olathe, Overland Park, Topeka, and Wichita. These communities receive CDBG funds on a formula basis from HUD.

For projects proposed to resolve problems which exist in unincorporated areas of a county, the county governing body is the eligible applicant. Counties are encouraged to work with townships. A county may apply for a project which will significantly benefit



county residents located in the unincorporated area of the county, as well as those within the city. A county may submit an application on behalf of a township as well as an application for its own jurisdiction.

For projects proposed to resolve problems which exist in a city, the city governing body is the eligible applicant. A municipality may apply for a project which would include activities to be located outside city limits if the proposed activity can be proven to benefit residents of the city.

Special purpose bodies such as local housing authorities, water or sewer districts, regional planning commissions, or local development corporations are not eligible to apply directly, although they may be involved in implementing and administering a program if an eligible applicant agrees to such an arrangement.

Applicants for economic development grants may make grants or loans to other legal entities including for-profit organizations. The eligible applicant will be responsible for such grants, therefore they should assure, through contractual arrangement, that all appropriate requirements are understood by participating entities.

IV. ELIGIBLE PROJECTS

Local governments typically use economic development grant funds for two purposes. CDBG funds may be used to provide infrastructure improvements to firms. This provision of water, sewer, or other infrastructure improvements to a site may assist in locating new firms, help expand an existing firm or assist an existing firm attempting to remain in business.

Another common use of CDBG economic development funds is the provision of direct financial assistance to private firms when necessary or appropriate. Local governments are encouraged to provide loans rather than grants to firms. Often, this direct assistance is channeled through an intermediary (such as a non-profit local development corporation) which is outside of the local government. Typical uses of direct financial assistance include acquisition of land, construction and renovation of buildings, purchase of machinery and equipment, and provision of working capital.

In order for a project to qualify for an economic development grant, the application must demonstrate that the project will result in the following within the project duration: 1) creation of new jobs, 2) retention of existing jobs, and/or 3) expansion of the local tax base. The project benefit must be primarily to low- and moderate-income persons.



Activities benefitting low- and moderate-income (LMI) persons shall:

- a. be carried out in a neighborhood consisting predominantly of LMI persons and provide services to such persons; or
- b. involve facilities designed for use predominantly by LMI persons; or
- c. involve employment of persons, a majority of whom are LMI persons.

Specifically, the eligible project chosen for application must be selected from Section 105 - Eligible Activities as specified in Title I of the Housing and Community Development Act of 1974, as amended (the Act). The most common eligible activity for economic development grants is Section 105(a)(17) -- "provision of assistance to private, for-profit entities, when the assistance is necessary or appropriate to carry out an economic development project."

V. GRANT STRUCTURE

An economic development grant is similar to the other Small Cities Program grants in that it is a grant to the recipient community, which, in turn, makes the infrastructure improvement or loans the grant funds to the third party organization which makes the investment in the community as a new or expanding business.

VI. APPLICATION PROCESS

Applications for economic development grants will be accepted during three application periods during the program year. For 1985, the application deadlines are May 20, September 9, and December 2.

In an effort to provide basic information to the review team, to reduce required paperwork, and to encourage all applicants to participate, only applications on standard forms with appropriate attachment information will be considered. Forms are available from the Kansas Small Cities Program.

V. PROJECT SELECTION CRITERIA

CDBG economic development project applications will be evaluated, scored, and ranked according to criteria designed to measure community need and effort, project impact, and project feasibility, and also to assure benefit to low- and moderate-income persons. Points will be awarded based on a comparison with other applications in the same competition period. The points in the rating process are as follows:

<u>Rating Points</u>	<u>Rating Areas</u>
0	A. Threshold Requirements
250	B. Community Need/Effort Factors
400	C. Project Impact
(250)	1. Job Creation
(100)	2. Leverage
(50)	3. Enterprise Zone
350	D. Project Feasibility (Quality)
(200)	1. Financial Feasibility
(100)	2. Recapture
(50)	3. Financial Need
<u>1000</u>	TOTAL



The major criteria upon which project applications will be rated include job creation, leveraging of other funds, financial feasibility, and recapture of grant funds (recapture is discussed in a following section).

Job Creation

Under job creation, points will be awarded for the number of jobs created or retained, the per capita jobs created or retained, and the cost effectiveness of jobs created or retained.

In evaluating economic development grant applications, KDED will assign points based on the number of permanent full-time jobs or their equivalents created or retained. Temporary position such as interim construction jobs are not considered to meet the above criteria and will not be counted as such in the evaluation process. Jobs which are less than full-time (40 hours/week; 2,000 hours/year) should be rounded to the nearest full job to most nearly approximate a single, permanent full-time equivalent (FTE) job in the application.

Leverage

In the case of economic development grants, non-CDBG contributions to projects by the applicant or business concern must take the form of cash or property to be counted as leverage. It may generally not take the form of an "in-kind" contribution for services rendered by the applicant or equity in an existing property (unrelated to the proposed project) already owned by the business concern.

However, land which is already owned by the business concern may be counted as leverage at its appraised value so long as it becomes a meaningful part of the project (i.e., new construction or an expansion occurs on the land). A piece of machinery or equipment with a "useful life" of five years or longer acquired in anticipation of the project may be counted as leverage at its appraised value only with the approval of KDED. A better procedure, however, is to take control of the property through an option or a purchase agreement (subject to satisfactory financing) and to proceed with the application prior to acquisition of the property.

Points are awarded for public and/or private funds leveraged in the project by the CDBG funds. Applicants are encouraged to seek out and utilize additional sources of economic development funds to strengthen local participation in support of the project.

Financial Feasibility

Financial feasibility requires demonstration that project cost is feasible and that the borrower has the capacity to repay the loan, if a loan is involved. Points will be awarded based upon the presentation and content of financial feasibility information provided in the application. This information would include letters of



commitment, historical financial statements, pro forma statements, business plans, and market studies. In addition, when the project includes a loan, an explanation must be included outlining how and what portion of the CDBG funds will be recaptured. Applicants will receive the maximum number of points available if all funds are recaptured or a point per percentage of total CDBG funds recaptured.

But For Statement

No project under the economic development set-aside will be awarded funding unless the participants can affirm that "but for CDBG funds, the project would not be implemented." There are several typical kinds of "but for" statements and situations which apply to projects. One or more of the following examples may apply to the project:

- a. A fully documented statement demonstrating the existence of a financing gap for the proposed project.
- b. A statement demonstrating that the project is not economically feasible if private funds must be substituted for the requested CDBG funding. This statement must be fully documented -- i.e., explained and supported by component cost construction estimates and cash flow projections and analysis.
- c. A statement that private investment in the project is contingent upon CDBG funding -- e.g., the location or relocation of the business concern is wholly dependent upon the use and availability of CDBG funds as an incentive for the proposed project.

The applicant community should also note the amount awarded to a project is the very least necessary to close the project's financing gap or make it economically feasible.

Anti-Piracy

The project must also not constitute "piracy". No project will be awarded funding if CDBG funds are intended to effect the relocation of industrial or commercial plants or facilities from one area within the State of Kansas to another. However, moves within a community shall not be subject to this provision.

VII. RECAPTURED CDBG FUNDS

Typically, the recapture of CDBG funds is derived from the provision of direct financial assistance to private firms through loans from the recipient unit of local government. As these funds are repaid by the firm to the governmental unit, the recaptured funds become program income. Federal Operating Instructions emphasize that program income (principle and interest repayment of CDBG-funded direct loans) is subject to all of the federal regulations governing the CDBG



Program as long as a contractual obligation exists between the State and the locality. Once the grant is closed out, however, Kansas will continue to require that localities restrict use of program income to the funding of "similar CDBG-eligible" economic development projects.

One of the most optimal means for continuing the activity of funding "similar CDBG-eligible" is to establish a revolving loan fund at the local level. A revolving loan fund provides a community with the opportunity to maximize the impact of block grant funds over a long period of time by loaning and reloaning these funds to eligible projects.

A community desiring to establish a revolving loan fund at the local level must demonstrate its capacity to administer such a program. The specific areas to be considered in the administration of a revolving loan fund would include:

- marketing the loan program;
- developing an application evaluation process;
- negotiating the contracts between the local unit and the borrower;
- establishing a mechanism for monitoring compliance with the terms of the contracts;
- investing program income for continued use; and
- maintaining appropriate records to evaluate program performance.



CDBG CRITERIA CHECKLIST

ANNUAL AMOUNT AVAILABLE	<ul style="list-style-type: none">- Approximately \$5 million
ELIGIBLE APPLICANTS	<ul style="list-style-type: none">- Any Kansas city or county not participating in the HUD entitlement program.- Generally, cities with a population of under 50,000 and counties with a population under 200,000.
HOW IT OPERATES	<ul style="list-style-type: none">- The State makes a CDBG grant to the city.- If the project includes a loan, the city makes a loan to the business.
MAXIMUM GRANT AWARD	<ul style="list-style-type: none">- \$400,000 maximum- CDBG participation is to be limited to the least amount necessary for project initiation.
JOB CREATION CRITERIA	<ul style="list-style-type: none">- At least 51% of the jobs created must be available to low- and moderate- income individuals.
USE OF PROCEEDS	<ul style="list-style-type: none">- Infrastructure Improvements- Land and Buildings- Construction or Renovation- Machinery and Equipment- Working Capital
BORROWER SIZE STANDARDS	<ul style="list-style-type: none">- None



<p>TERM OF LOAN</p>	<ul style="list-style-type: none"> - Determined by the need of the project. - Should be matched to the life of the assets being financed.
<p>RATE OF INTEREST</p>	<ul style="list-style-type: none"> - Determined by the need of the project. - Flexible, varying from 0% to prime.
<p>COLLATERAL</p>	<ul style="list-style-type: none"> - Collateral generally consists of a subordinated mortgage of the assets financed. - In owner-user deals, personal guarantees may be required.
<p>LEVERAGE CRITERIA</p>	<ul style="list-style-type: none"> - Projects must have at least a 2:1 ratio of outside funds to CDBG funds to receive scoring points for leverage.
<p>PARTICIPATION WITH OTHER FINANCING SOURCES</p>	<ul style="list-style-type: none"> - Projects are encouraged to utilize other financing sources both private and public. - CDBG funds should be limited to the least amount necessary for project initiation.



KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

503 Kansas Avenue, Sixth Floor, Topeka, Kansas 66603

Phone (913) 296-3481



JOHN CARLIN
Governor

CHARLES J. "Jamie" SCHWARTZ
Secretary

M E M O R A N D U M

TO: All Interested Parties

FROM: Charles J. Schwartz

RE: 1985 IDB Allocation Procedures

DATE: December 28, 1984

Attached are several pieces of information related to the issuance of industrial development bonds in 1985. Included in this packet are the following: Governor Carlin's 1985 Executive Order, a brief summary of the provisions of Executive Order No. 84-77, and the allocation application form.

The Executive Order will permit Kansas cities, counties, and other entities to issue tax-exempt industrial development bonds and student loan bonds in 1985. A summary of the major provisions of the allocation system are as follows:

- Each "historic issuer" will be assured of a pro rata share of the available state ceiling for a fixed time each year
- All other issuers are provided an assigned pooled share on a first-come, first-served basis
- Opens up to all issuers any unallocated issuing authority to make certain that the total state ceiling is used if the need arises
- Provides that a specific amount of state ceiling be set aside for certain state assigned purposes
- State ceiling will be administrated by the Kansas Department of Economic Development (KDED)
- Issuers will notify KDED in writing within 5 days after the date that any private activity bond has been issued
- Issuers shall also provide KDED with a copy of IRS form 8038 (or successor form required by the Internal Revenue Service) within 30 days following the date of issuance of any private activity bonds

Gordon Criswell has been designated the Department contact person concerning the allocation requests. He can be reached at 913/296-3483.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT
APPLICATION FOR ALLOCATION OF THE
STATE CEILING OF PRIVATE ACTIVITY BONDS
FOR CALENDAR YEAR 1986

1. Name and address of Issuer: _____

Attn: _____
Telephone (____) _____
2. Proposed principal amount of bonds: \$ _____
3. If industrial development bonds, the paragraph of Section 103(b) of the Internal Revenue Code of 1954 applicable to such bonds: _____
4. Principal beneficiary of the facility or activity to be financed with the proceeds of such bonds: _____

5. Location and type of project: _____

6. Attach copy of resolution or letter of intent to issue as adopted or approved by the governing body of the Issuer.

NOTE: Original duplicates of this application shall be delivered to:

Secretary
Kansas Department of Economic Development
503 Kansas Avenue, 6th Floor
Topeka, Kansas 66603

Submitted on behalf of the Issuer by:

Name and Title of duly elected or appointed officer or member of the governing body of the Issuer

Signature: _____

[To be completed only by KDED]

Approved for Issuance _____ Denied _____

Approval Date: _____

I hereby certify, under penalty of perjury, that the above allocation of the state ceiling of private activity bonds was not made in consideration of any bribe, gift, gratuity, or direct or indirect contribution to any political campaign.

KANSAS DEPARTMENT OF ECONOMIC DEVELOPMENT

Title:

by the Public Employees' Retirement System pursuant to ORS 237.001 to 237.320.

If any public record contains material which is not exempt under subsection (1) or (2) of this section, as well as material which is exempt from disclosure, the public body shall separate the exempt and nonexempt material and make the nonexempt material available for examination.

SECTION 2. No copy of a personnel discipline action that has been communicated orally or in writing to the employe and subsequently reduced in severity or eliminated through collective bargaining, grievance or personnel process shall be placed or otherwise retained in the personnel file of the employe unless agreed to by the employer and the employe.

Approved by the Governor July 15, 1985
Filed in the office of Secretary of State July 15, 1985

1A

CHAPTER 814

AN ACT

HB 2937

Relating to the Oregon Resource and Technology Development Corporation; limiting expenditures; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. The Legislative Assembly finds that:

- (1) There exists in the state a great and growing opportunity for cooperation between private enterprise and educational institutions in the areas of innovation, applied research and the transfer of new technologies between educational institutions and private enterprises.
- (2) Furthermore, there exists a lack of seed capital financing for the development of new products or processes by small innovative enterprises or new enterprises engaged in key traded-sector industries of special importance to the Oregon economy.
- (3) Encouraging these activities can lead to increased industrial and commercial development to provide and maintain employment and revenues which are important functions to the state.
- (4) These activities can improve the pace at which existing industries innovate and grow, increasing opportunities for small and large enterprises alike and creating new traded-sector industries and services within the state, resulting in increased employment and public revenues.
- (5) These opportunities for innovation and growth lie particularly in those small enterprises engaged in natural resource and technology based traded-sector industries, which are increasingly recognized as the engines of new job creation within Oregon and the nation.

SECTION 2. (1) The purpose of the Oregon Resource and Technology Development Corporation is to

foster innovation in existing industry and the development of new industry in key traded-sector areas of special importance to the Oregon economy, especially those small enterprises including, but not limited to:

- (a) Existing resource based industries of agriculture, forestry, fisheries and metallurgy;
 - (b) Existing advanced technology industries of electronics, computer and instrument manufacturing, computer software and information and design; and
 - (c) Emerging industries of biotechnology, biomedical sciences, aquaculture, materials sciences and optics.
- (2) The corporation shall achieve the purpose stated in subsection (1) of this section by:
- (a) Engaging in seed capital financing for the development and implementation of innovations or new technologies for existing resource, technology based and emerging traded-sector industries;
 - (b) Awarding applied research matching grants to educational institutions and private enterprises in order to move innovation and applied research toward commercial application; and
 - (c) Providing managerial assistance and technical referral services to such small, new, emerging or mature traded-sector enterprises and encouraging educational institutions to establish technical information data bases and technology transfer offices which are easily accessible by both private and public sector organizations.

(3) The corporation shall achieve the purposes of subsections (1) and (2) of this section by investigating the potential for developing innovation and new or alternative products or processes which include, but are not limited to:

- (a) Crops that diversify the agricultural production base within the state and require additional, value-added manufacturing to refine the raw agricultural products. Such activities may include those on which research and pilot production has already begun as with rapeseed and meadow-foam;
- (b) Products that use wood or wood by-products, or require new technology in designing, engineering and manufacturing wood components and structures. Such research activities would include evaluating wood as an architectural and engineering medium, and examining the manufacturing process used to harvest, mill and give final shape to wood; and
- (c) Activities bearing directly on and contributing to establishing, enhancing or maintaining Oregon marine resource based economies. Such activities shall include research basic to the problems of marine resources in their broadest aspects, and investigations to develop and improve the contribution of marine resources to the coastal communities and enterprises of this state.

SECTION 3. As used in this Act:

(1) "Applied research" means those research activities occurring at educational institutions and in private enterprises, which have potential commercial application in

2. Mission Purpose Focus

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Feb. 28, 1986
Economic Dev. Comm.

Oregon

Attachment H

key traded sector areas of special importance to the Oregon economy.

(2) "Applied research fund" means the Oregon Resource and Technology Development Applied Research Fund established in section 9 of this Act.

(3) "Corporation" means the Oregon Resource and Technology Development Corporation.

(4) "Educational institutions" means nonprofit public and private community colleges, colleges and universities in the state.

(5) "Enterprise" means a firm with its principal place of business in Oregon which is engaged or proposes to be engaged in this state in natural resource based or other manufacturing, research and development, or the provision of technology based services including computer software development and information and design industries.

(6) "Innovation" means any new technology, product or process without regard to whether a patent has or could be granted.

(7) "New technology" means the development through science or research of methods, processes and procedures, including but not limited to those involving the utilization of timber and timber by-products, fishery resources and agriculture including aquaculture and viticulture, for practical application in industrial and service situations.

(8) "Person" means any individual, partnership, corporation or joint venture carrying on business or proposing to carry on business within the state.

(9) "Product" means any product, device, technique or process, which is or may be exploitable commercially. However, "product" does not refer to pure or basic research but shall apply to such products, devices, techniques or processes which have advanced beyond the theoretical stage and are in a prototype or practice stage.

(10) "Qualified security" means any public or private financial arrangement, involving any note, security, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, preorganization certificate or subscription, transferable security, investment contract, certificate of deposit for a security, certificate of interest or participation in a patent or application therefor, or in royalty or other payments under such a patent or application, or, in general, any interest or instrument commonly known as a "security" or any certificate for, receipt for, guarantee of, or option, warrant or right to subscribe to or purchase any of the foregoing to the extent allowed by the Oregon Constitution.

(11) "Seed capital" means financing that is provided for the development, refinement and commercialization of a product, process or innovation, whether for the start-up of a new firm, the expansion of a young, small firm or the restructuring of a mature, small firm.

(12) "Seed capital fund" means the Oregon Resource and Technology Development Seed Capital Fund established in section 8 of this Act.

(13) "Small business" means an enterprise engaged in manufacturing having 200 or fewer employees and all other business enterprises having 50 or fewer employees pursuant to ORS 280.910.

(14) "Traded sector" means those Oregon enterprises that sell goods or services outside the state.

SECTION 4. (1) The Oregon Resource and Technology Development Corporation is created as an independent, nonprofit, public corporation.

(2) The corporation shall be governed by a board of 11 who shall be residents of this state. The board shall consist of the Governor, or designee, and 10 directors appointed by the Governor, subject to Senate confirmation, as follows:

(a) Five directors shall be persons from the private sector who have demonstrated leadership, knowledge and experience in key traded sector industries of special importance to the Oregon economy especially those small enterprises which include, but are not limited to:

(A) Existing resource based industries of agriculture, forestry, fisheries and metallurgy;

(B) Existing advanced technology industries of computer and instrument manufacturing, and information and design; and

(C) Emerging industries of biotechnology, biomedical sciences, aquaculture, materials sciences and optics;

(b) Three directors shall be engineers or scientists who have extensive experience in managing applied scientific and technological research at either educational institutions or in private enterprises in areas of special importance to the economy of Oregon and who are recognized by their peers for outstanding knowledge and leadership in their fields; and

(c) Two directors shall represent the private financial sector: One shall have experience in the area of high-risk venture investments; and the other shall have commercial banking experience in an industry of special importance to the Oregon economy and both of whom are recognized by their peers for outstanding knowledge and leadership in their fields.

(3) The Governor shall give consideration to geographical representation when making board appointments.

(4) A director shall be appointed for a term running four years from July 1 of the year of appointment. A director shall hold office for the term of the appointment and until the successor shall have been appointed and confirmed. In the event of a vacancy, the vacancy shall be filled by the Governor in the manner provided for appointments for the remainder of the unexpired portion of the term.

(5) In addition to the 11 directors, there shall be two nonvoting, ex officio directors, one each from the Oregon

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President of the Senate and Speaker of the House of representatives respectively. The ex officio directors shall serve from the date of their appointment until the opening day of the next regularly scheduled session of the Legislative Assembly. Ex officio directors may be reappointed and are subject to the provisions of subsection (9) of this section.

(6) Members of the board of directors shall, in their dealings with enterprises that may receive financing through the corporation, declare any potential conflict of interest prior to taking any actions relating to that transaction in accordance with ORS 57.265.

(7) The board of directors shall select a corporate president who is not a board member.

(8) The board of directors shall hold all board meetings in Oregon.

(9) Members of the board of directors are entitled to compensation and expenses as provided in ORS 292.495.

(10) The Governor shall annually select from the membership one member as chair, one member as vice-chair and one member as secretary.

(11) The board of directors shall meet at least once during each calendar quarter, and at such other times as may be provided in the rules of the corporation, upon call by the president, the chair or upon written request of a majority of the directors.

(12) A majority of the board of directors shall be necessary to transact corporation business, and all actions of the directors shall be by a majority vote of the full number of corporate directors.

(13) The directors shall establish an executive committee composed of the chair, vice-chair, secretary and two additional members chosen by the chair from the remaining directors. The executive committee, in intervals between board meetings, may transact any board business that has been delegated to the executive committee. A majority of the executive committee shall be necessary to transact business and all actions of the executive committee shall be by a majority vote of the committee.

(14) No member of the board of directors is eligible to serve more than two terms of office.

(15) A member of the board of directors may be removed by the Governor for cause, stated in writing, after a hearing thereon.

SECTION 5. (1) The president shall be the chief executive officer of the corporation who shall serve at the pleasure of the board. The president's salary shall be commensurate with the responsibilities of the position based on a national standard for similar positions. The president shall direct and supervise administrative affairs and the general management of the corporation.

(2) The president:

(a) May employ and terminate such other officers and employees as designated by the board of directors and who

shall be members of the unclassified service as provided for in ORS 240.205;

(b) Shall attend board meetings;

(c) Shall keep a record of all proceedings and maintain and be custodian of all financial and operational records, documents and papers filed with the corporation and of the minute book of the corporation;

(d) Shall insure that any applications, records, forms or other documents, including computer software, made available to the corporation under this Act are treated as proprietary and confidential information and shall be used only for official corporation business;

(e) Shall cooperate with the Economic Development Department and the Economic Development Commission by referring to commission staff those seed-capital proposals that may be better suited for financing offered by the state's existing business loan programs and request from commission staff inquiries for state financial assistance that may be appropriate seed-capital projects; and

(f) Shall, before accepting any applications from an enterprise for seed capital funds or any requests for applied research grants, within six to nine months after the board of directors have been confirmed by the Senate, prepare a business plan that shall be approved by the board and submitted to the Governor and Legislative Assembly.

SECTION 6. To carry out the purposes specified in section 2 of this Act, the corporation shall have all the powers necessary to carry out its purposes, which include the power to:

(1) Make, amend and repeal bylaws, rules and regulations for the management of its affairs;

(2) Adopt an official seal;

(3) Sue and be sued;

(4) Make contracts and execute all instruments necessary or convenient for carrying out its business;

(5) Acquire, own, hold, dispose of and encumber real or personal property of any nature, both tangible and intangible, of any nature or any interest therein;

(6) Enter into agreements or other transactions with any federal, state, county or municipal agency and with any individual, corporation, enterprise, association or any other entity involving applied research and technology;

(7) Acquire real property or an interest therein, by purchase or foreclosure, where such acquisition is necessary or appropriate to protect or secure any investment or loan in which the corporation has an interest;

(8) Sell, transfer and convey any such property to a buyer, and in the event such sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, to lease such property to a tenant;

(9) Invest any funds appropriated by the state and held in reserve in funds not required for immediate disbursement, in such investments that may be lawful for fiduciaries in this state, and invest funds received from

gifts, grants, donations and other operations of the corporation in such investments as would be lawful for a private corporation having purposes similar to the corporation;

(10) Borrow money and give guaranties, provided that the indebtedness and other obligations of the corporation shall be payable solely out of its own resources, and shall not constitute a pledge of the full faith and credit of the state or any of its revenues;

(11) Appoint officers, consultants, agents and advisors, and prescribe their duties;

(12) Appear in its own behalf before boards, commissions, departments or other agencies of municipal, county or state government or Federal Government;

(13) Procure insurance against any losses in connection with its properties in such amounts from such insurers as may be necessary or desirable;

(14) Consent, subject to the provisions of any contract with note-holders, whenever it considers it necessary or desirable in the fulfillment of the purposes of this Act, to the modifications, with respect to the rate of interest, time payment or of any instalment, of principal and interest or any terms of any contract or agreement of any kind to which the corporation is a party;

(15) Accept any and all donations, grants, bequests and devises, conditional and otherwise, of money, property, services or other things of value which may be received from the United States or any agency thereof, any governmental agency, or any institution, person, firm or corporation, public or private, to be held, used or applied for any or all of the purposes specified in this Act, in accordance with the terms and conditions of any such grant. Receipt of each such donation or grant shall be detailed in the corporation's annual report. Such report shall include the donor or lender's identity, the nature of the transaction, and any conditions;

(16) Trade, buy or sell qualified securities;

(17) Finance, conduct or cooperate in the financing or conducting of scientific, technological, business, financial or other investigations which are related to or likely to lead to business and economic development, involving natural resources, innovation, applied research and new technology, by making and entering into contracts or other appropriate arrangements, including the provisions of grants, loans and other forms of assistance;

(18) Solicit, study and assist in the preparation of business plans and proposals of new or established resource and technologically oriented enterprises, particularly in those traded-sector areas of special importance to the Oregon economy;

(19) Prepare, publish and distribute, with or without charge as the corporation may determine, such technological studies, reports, bulletins and other materials as it considers appropriate, subject only to the maintenance and responsibility for confidentiality of the client proprietary information and encourage educational institutions to develop and disseminate similar materials;

(20) Organize, conduct, sponsor or cooperate with, and assist both the private sector and educational institutions in the conduct of, special institutes, conferences, demonstrations and studies relating to the stimulation and formulation of innovation, applied science and technologically oriented enterprises and studies relating to the formulation of resource and technologically oriented enterprises and industry endeavors;

(21) Provide and pay for such advisory services and technical assistance that may be necessary or desirable to carry out the purposes of this Act;

(22) Own, possess and take license in, patents, copyrights and proprietary processes and negotiate and enter into contracts and establish charges for the use of such patents, copyrights and proprietary processes when such patents and licenses for innovation or inventions result from research sponsored by the corporation in a private enterprise or when the corporation finances a product developed by a private enterprise;

(23) Negotiate royalty payments to the corporation on patents and licenses for innovations or inventions arising in the course of research sponsored by the corporation at educational institutions within the Oregon State System of Higher Education. Such negotiated royalty arrangements should reflect an appropriate sharing of legal risk as well as financial return between the corporation and educational institution. Such patents and licenses shall be in keeping with the patent policies of the State Board of Higher Education;

(24) Exercise any other powers necessary for the operation and functioning of the corporation within the purposes authorized in this Act;

(25) Participate with any state agency or educational institution in developing specific programs and goals to assist in the development of industrial innovation, applied research and new technology in those traded-sector areas of special importance to the Oregon economy and monitor performance;

(26) Cooperate with the Economic Development Department and the Economic Development Commission's Resource and Technology Subcommittee regarding financial assistance programs targeted to small enterprises engaged in key traded-sector industries of special importance to the Oregon economy; and

(27) Provide resource based, scientific and technological data and information required by the Governor, the Legislative Assembly, or its committees, and to state agencies, educational institutions and cities, counties and school districts and to private citizens and groups, within the limitations of the resources available to the corporation. This service shall be in addition to any services currently provided by any educational institution, committee or other organization.

SECTION 6a. (1) The corporation shall have such powers and duties as may be delegated to or imposed upon it from time to time by the Legislative Assembly. The

include an audit by an independent third party, dated 30, and present the report to the Governor and Legislative Assembly, setting forth in detail the operations and transactions conducted by it pursuant to this Act or to other legislation. The corporation shall distribute its annual report by such means that will make it widely available to those innovative enterprises in traded sectors of special importance to Oregon's economy.

(2) The corporation shall be subject to a fiscal audit by the Division of Audits of the office of Secretary of State.

(3) The corporation shall be exempt from all franchise, corporate business and income taxes levied by the state. However, this Act is not intended to exempt from any such taxes, or from any taxes levied in connection with the manufacture or sale of any products or processes which are the subject of any agreement made by the corporation, or any person entering into any agreement with the corporation.

SECTION 7. (1) Seven years after the effective date of this Act, a special review panel shall be convened to perform a financial and program audit of the corporation. The panel shall consist of the corporation chairperson and 12 members, who are not members of the board of directors, as follows:

(a) Six chosen by the Governor, of whom:

(A) Two shall be entrepreneurs or representatives of the business community;

(B) Two shall be scientists or engineers from either educational institutions or private enterprise; and

(C) Two shall be representatives of the private financial community;

(b) Three chosen by the President of the Senate, of whom:

(A) One shall be an entrepreneur or representative of the business community;

(B) One shall be a scientist or engineer from either an educational institution or private enterprise; and

(C) One shall be a representative of the private financial community; and

(c) Three chosen by the Speaker of the House of Representatives, of whom:

(A) One shall be an entrepreneur or representative of the business community;

(B) One shall be a scientist or engineer from either educational institution or private enterprise; and

(C) One shall be a representative of the private financial community.

(2) All panel members shall be recognized by their peers for outstanding knowledge and leadership and have particular experience with those small, traded-sector enterprises of special importance to the Oregon economy.

(3) The panel will have six months to review the corporation's investments, grants and activities including:

fund investments;

(b) An economic and fiscal impact; and

(c) The extent to which the corporation employs its powers and the seed capital, applied research and clearinghouse functions to carry out its purpose and to address the opportunities found by the Legislative Assembly to require its creation.

(4) Based on the panel's findings, it will recommend to the Sixty-seventh Legislative Assembly one of the following actions:

(a) Continue the corporation in its statutory form;

(b) Continue the corporation, but with modifications recommended by the committee; or

(c) Dissolve the corporation with recommendations on how to dispose its assets and liabilities.

SECTION 8. (1) There is created the Oregon Resource and Technology Development Seed Capital Fund, separate and distinct from the General Fund, to which shall be credited any state funds specifically so designated. The corporation may credit the fund with such unrestricted appropriations, gifts, donations or grants from any source, with payments on loans made from the fund.

(2) The corporation may use the Oregon Resource and Technology Development Seed Capital Fund as follows:

(a) To carry out the purposes of this Act through investments in qualified securities and through the forms of financial assistance authorized by this Act, including:

(A) Loans;

(B) Leaseholds;

(C) Management or consultant service agreements;

(D) Loans with warrants attached that are beneficially owned by the corporation;

(E) Loans with warrants attached that are beneficially owned by a party other than the corporation; and

(F) Any other contractual arrangement in which the corporation is providing scientific and technological services to any federal, state, county or municipal agency, or to any individual, corporation, enterprise, association or any other entity involving science and technology. The corporation, in connection with the provision of any form of financial assistance, may enter into royalty agreements with an enterprise.

(b) To pay all or a portion of the corporation's operating expenses from revenues generated by seed capital fund investments, which shall be an amount sufficient to allow the corporation to undertake and efficiently manage its responsibilities.

(c) To invest in such other investments as are lawful for Oregon fiduciaries.

(3) The corporation may use the Oregon Resource and Technology Development Seed Capital Fund to purchase qualified securities issued by enterprises as a part of a resource and technology project for the purpose of

raising the initial capital for such projects subject to the conditions set forth in this section.

(4) The corporation may use the fund to make low-interest or zero-interest loans to business incubator facilities in exchange for royalties from future gross sales generated by enterprises created in the incubator.

(5) The corporation shall purchase qualified securities issued by an enterprise as a part of a resource and technology project only after:

(a) Receipt of an application from the enterprise which contains:

(A) A business plan including a description of the enterprise and its management, product and market;

(B) A statement of the amount, timing and projected use of the capital required;

(C) A statement of the potential economic impact of the enterprise, including the number, location and types of jobs expected to be created; and

(D) Such other information as the corporation board of directors shall request.

(b) Approval of the investment by the corporation may be made after the board of directors finds, based upon the application submitted by the enterprise and such additional investigation as the staff of the corporation shall make and incorporate in its minutes, that:

(A) The proceeds of the investment will be used only to cover the seed capital needs of the enterprise except as authorized by this section;

(B) The enterprise has a reasonable chance of success;

(C) The corporation's participation is necessary to the success of the enterprise because funding for the enterprise is unavailable in the traditional capital markets, or because funding has been offered on terms that would substantially hinder the success of the enterprise;

(D) The enterprise has the reasonable potential to create a substantial amount of primary employment within the state;

(E) The entrepreneur and other founders of the enterprise have already made or are contractually committed to make a substantial financial and time commitment to the enterprise;

(F) The securities to be purchased are qualified securities;

(G) There is a reasonable possibility that the corporation will recoup at least its initial investment; and

(H) Binding commitments have been made to the corporation by the enterprise for adequate reporting of financial data to the corporation, which shall include a requirement for an annual report, or if required by the board, an annual audit of the financial and operational records of the enterprise, and for such control on the part of the corporation as the board of directors shall consider prudent over the management of the enterprise, so as to protect the investment of the corporation, including in the discretion of the board and without limitation, right of access to financial and other records of the enterprise.

(6) In carrying out its functions under this section, the board of directors is encouraged to create an investment committee to assist in evaluating potential investments in qualified securities. The membership of this investment committee may include both directors and staff members of the corporation, and other persons drawn from sources other than the corporation who meet standards similar to those applying to the board of directors and who are recognized by their peers for outstanding knowledge and leadership in their fields, all of whom shall serve at the pleasure of the board. Members of the investment committee shall serve without compensation for their membership on such committee, but shall be reimbursed for any reasonable expenses incurred by them in the performance of duties assigned by the board.

(7) The corporation shall not make investments in qualified securities issued by enterprises in excess of the smaller of the following limits:

(a) Not more than \$250,000 shall be invested in the qualified securities of any one enterprise;

(b) Not more than the amount necessary to own more than 49 percent of qualified securities in any one enterprise at the time of the purchase by the corporation, after giving effect to the conversion of all outstanding convertible qualified securities of the enterprise except that in the event of severe financial difficulty of the enterprise, threatening, in the judgment of the board of directors, the investment of the corporation therein, a greater percentage of such securities may be owned by the corporation; or

(c) Not more than 20 percent of the fund available for investment shall be invested in any one enterprise.

SECTION 9. (1) The Oregon Resource and Technology Development Applied Research Fund is created, separate and distinct from the General Fund, to which shall be credited any state funds specifically so designated.

(2) The corporation may use the Oregon Resource and Technology Development Applied Research Fund to carry out the purposes of this Act by awarding competitive applied research grants to educational institutions and private enterprises in key traded-sector areas of special importance to the Oregon economy.

(3) The board shall award grants only after:

(a) Developing, adopting and publishing the criteria it shall use when evaluating research proposals; and

(b) Reviewing applied research proposals which present:

(A) Documentation, if the proposal is from an educational institution, that not less than 50 percent of the total cost of the proposed project will be provided by sources other than the corporation. Equipment may be considered as part of the matching funds for the research, but must be accompanied by a statement:

(i) That the educational institution has received the machinery or equipment and it is state of the art; and either

(ii) Verifying that the equipment or machinery is donated and has only been used in testing to insure quality control, or used by a wholesaler or retailer for demonstration purposes only; or

(iii) Detailing the price paid by the educational institution, with an invoice showing the amount paid for the equipment;

(B) Documentation, if the proposal is from a private enterprise, that not less than 50 percent of the total cost of the proposed project will be provided by sources other than the corporation or through in-kind services provided through the private enterprise as evaluated by the board or review committee;

(C) A description of the future commercial application and the industrial sectors that will likely benefit by the applied research project and the potential for job creation;

(D) An itemized research budget, time line and research methodology; and

(E) Other information that may be required by the board.

(4) The board shall approve such applied research proposals after the board of directors finds, based upon the proposal submitted and such additional investigation as the staff of the corporation shall make and incorporate in its minutes, that:

(a) The proposed applied research project will expand that field's technological base within the state;

(b) The project will enhance employment opportunities within Oregon; and

(c) The project is technically sound and will produce a measurable result.

(5) In carrying out its functions under this section, the board of directors is encouraged to create an applied research committee to assist in evaluating potential applied research projects. The membership of this applied research committee may include both directors and staff members of the corporation, and other persons drawn from sources other than the corporation who meet standards similar to those applying to the board of directors and who are recognized by their peers for outstanding knowledge and leadership in their fields.

(6) Any commercialized research that results from a corporation applied research grant shall be subject to the provisions of subsections (22) and (23) of section 6 of this Act.

SECTION 10. (1) The Oregon Resource and Technology Development Corporation shall establish a clearinghouse to deliver managerial assistance and technical referral services, particularly to small, new, emerging or mature traded sector enterprises and shall encourage educational institutions to establish technical information data bases and technology transfer offices which are easily accessible by both private and public sector organizations.

(2) The corporation shall provide to private enterprises and individuals services which include, but are not limited to:

(a) Disseminating such research and technical information as is available to the corporation;

(b) Referring clients to researchers or laboratories for the purpose of testing and evaluating new products, processes or innovations;

(c) Assisting persons developing innovations or new technology in locating enterprises or entrepreneurs that may be interested in applying such innovations or new technologies; and

(d) Providing managerial assistance to enterprises requesting such assistance, but particularly to those small enterprises in key traded sectors of special importance to the Oregon economy.

(3) The corporation shall encourage business enterprises to use such technical support services as provided by educational institutions and especially the state's small business development centers.

SECTION 11. The corporation shall work cooperatively with existing organizations and agencies that provide research and technological development services, including, but not limited to:

(1) Those activities sponsored by the state's educational institutions, particularly the institutions within the State System of Higher Education; and

(2) Such other private profit or not-for-profit initiatives as may apply to this section.

SECTION 12. Notwithstanding the term of office set in section 4 of this Act, of the directors first appointed:

(1) Two directors shall serve until July 1, 1987;

(2) Two directors shall serve until July 1, 1988;

(3) Three directors shall serve until July 1, 1989; and

(4) Three directors shall serve until July 1, 1990.

SECTION 13. Notwithstanding any other law, the following amounts are established for the biennium beginning July 1, 1985, as the maximum limit for payments of expenses for funds received from the Executive Department:

(1) Oregon Resource and Technology Development Seed Capital Fund	\$ 10,160,000
(2) Oregon Resource and Technology Development Applied Research Fund	\$ 2,540,000
(3) Costs for organizing the Oregon Resource and Technology Development Corporation	\$ 300,000

SECTION 14. This Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this Act takes effect July 1, 1985.

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(g) Receive and expend gifts and grants from public and private donors;

(h) Enlist the cooperation and assistance of all federal, state and local governmental officials in the attainment of the objectives of the Commission;

(i) Cooperate with community, professional, civic and religious organizations, federal agencies and agencies from other states in the development of programs in the interest of equal rights of citizens;

(j) Evaluate each agency and department of state government in regard to their racial employment practices and make a biennial report of its findings and other activities and recommendations to the Governor and the General Assembly. [Acts 1977, No. 954, § 2, p. 2397; 1983, No. 752, § 1, p. 1722.]

Amendments. The 1983 amendment, in subdivision (e), deleted "or" preceding "national" and added "or handicapped."

6-1503. Investigative powers.

(a) The Commission on Human Resources shall have the power to conduct investigations, adopt rules and regulations, and make studies necessary to carry out the duties imposed upon it in Section 2 [§ 6-1502] of Act 954 of 1977. It may conduct hearings with regard thereto.

(b) The Commission, after the completion of any hearings, shall make a report in writing to the Governor setting forth the facts found by the Commission and the Commission's recommendations. The Commission shall use its best efforts to bring about compliance with its recommendations. [Acts 1977, No. 954, § 3, p. 2397; 1983, No. 752, § 2, p. 1722.]

Amendments. The 1983 amendment, in the first sentence of subsection (a), inserted "adopt rules and regulations," substituted "make" for "made" and substituted "Act 954 of 1977" for "this Act"; in the second sentence of subsection (a), deleted "public" preceding "hearings."

6-1504. Director and staff.

(a) The Governor, upon recommendation by the Commission, shall appoint an executive director of the Commission. The director shall be a person with successful experience in the administration and promotion of a program comparable to the program provided by the Act [§§ 6-1501 — 6-1506].

(b) In addition to the executive director, the Commission may employ such personnel as are reasonably necessary in the performance of its duties. [Acts 1977, No. 954, § 4, p. 2397.]

6-1505. Other agencies required to assist commission.

The Commission may request other officers, departments and agencies of the state government to assist in its hearings, programs and projects. The personnel records and employment policies of state departments, agencies, boards and commissions shall be made available to the Commission upon request. The Attorney General of the State shall render legal services to the Commission upon request by the Commission or by the chairman or executive director thereof. [Acts 1977, No. 954, § 5, p. 2397.]

6-1506. Anti-discrimination clause required in contracts.

All agencies of the State or any department thereof, shall include in all contracts hereafter negotiated or re-negotiated by them, for and on behalf of the State, a provision obligating the contractor not to discriminate against any qualified employee or qualified applicant for employment because of race, color, creed, national origin or ancestry, and shall require said contractor to include a similar provision in all subcontracts. If the Commission finds any contractor to be in violation of this contractual provision, the Commission shall notify the Governor and Legislative Joint Audit Committee of such findings. [Acts 1977, No. 954, § 6, p. 2397.]

Emergency. Section 8 of Acts 1977, No. 954 read: "It is hereby found and determined by the General Assembly that it is in the public interest of this State to utilize fully its human resources; that it is essential to the proper utilization of said resources that an official body be created to study and determine the best procedure to be followed in order that said human resources of this State may be fully utilized without regard to race, sex, religion, age or economic condition; and, that this Act will create such body and should take effect immediately in order that said body can proceed to effectuate public policy of this State as stated in this Act. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval." Approved March 29, 1977.

CHAPTER 16

ARKANSAS SCIENCE AND TECHNOLOGY AUTHORITY

SECTION.	SECTION.
6-1601. Arkansas science and technology authority established.	6-1603. Nature and powers.
6-1602. Directors — Appointment — Terms — Reimbursement — Officers — Meetings — Removal — Majority required to transact business.	6-1604. Powers and duties.
	6-1605. Additional powers — Annual report — Pledge of state credit or revenues.
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- 6-1608. Authority over land, buildings, facilities used to develop high technology industries.
- 6-1609. Use of revenues — Assistance to minority businesses.
- 6-1610. Science and technology authority endowment fund established — Deposits and disbursements.
- 6-1611. Investment of endowment fund assets.
- 6-1612. Investment fund created — Deposits credited to fund.
- 6-1613. Authorized uses of investment fund.

6-1601. Arkansas science and technology authority established.

There is hereby established for the State of Arkansas the Arkansas Science and Technology Authority, hereinafter referred to as "The Authority," which shall have the powers, functions, and duties, as hereinafter provided, to be the instrumentality of this State to exert leadership in and to give direction to a broad spectrum of programs and services designed to gain for this State and its people the benefits and opportunities to be realized through advanced science and technology. [Acts 1983, No. 859, § 1, p. 2085; 1985, No. 409, § 1, p. —.]

Preamble. Acts 1983, No. 859 contained a preamble which read:

"WHEREAS, science and technology have made significant contributions to improving the quality of life and the providing of technological advancements in a broad spectrum of human endeavor and activities benefitting people throughout the world that were unknown or unavailable to mankind only a few generations ago; and

"WHEREAS, it is well-recognized that if the State of Arkansas and its people are to participate in and enjoy the benefits to be gained from continued improvements in science and technology, the government of this State must take immediate and bold steps to establish the necessary organizational structure and authority to enable this State to gain the benefits of advanced science and technology for its people; and

SECTION.

- 6-1614. Purchase of qualified securities by the authority — Prerequisites — Advisory committees.
- 6-1615. Powers of authority.
- 6-1616. Adoption of rules and regulations — Members of advisory committees — Limitation on amount funded.
- 6-1617. Personal interest in contracts or agreements prohibited.
- 6-1618. Severability of provisions.
- 6-1619. Definitions.
- 6-1620. Liberal construction.

"WHEREAS, the vast agricultural capacities of this State, its broad variety of natural resources, its climate, and the resourcefulness and energy of its people offer an opportunity for the State of Arkansas to play a role in efforts to gain for this State the benefits of advanced science and technology;
NOW THEREFORE,"

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted "instrumentality" for "agency" preceding "of this State."

Cross-References. Science and technology council, §§ 6-1101 — 6-1103.

6-1602. Directors — Appointment — Terms — Reimbursement — Officers — Meetings — Removal — Majority required to transact business.

(a) The Authority shall be governed by eleven (11) Directors, who together shall serve as The Authority's Board of Directors. Directors shall be legal residents of the State of Arkansas. The Board shall consist of the Director of the Department of Higher Education, and ten (10) Directors who shall be appointed by the Governor, subject to confirmation by the Arkansas Senate, as follows:

(i) three (3) Directors shall be appointed as engineers or scientists recognized for their scientific or technological research efforts;

(ii) two (2) Directors to be appointed as representatives of academic institutions who have an extended extensive involvement in science and technology research; and

(iii) five (5) Directors to be representatives of the private sector of the State, who shall be persons with knowledge or experience in the fields of agriculture, forestry, finance, economic development and/or science and technology.

(b) The Governor shall, in making such appointments, give consideration to geographical representation, in order that each major area of the State will be represented on the Board of Directors of The Authority.

(c) The Governor shall appoint two (2) Directors to serve until January 14, 1986; two (2) Directors to serve until January 14, 1987; three (3) Directors to serve until January 14, 1988; and three (3) Directors to serve until January 14, 1989; and thereafter, upon the expiration of such terms, Directors shall be appointed for terms running four years from January 14 of the year of appointment. Directors shall hold office for the terms of their appointments and until their successors shall have been appointed and qualified. In the event of a vacancy in the position of Director of The Authority, such vacancy shall be filled by appointment by the Governor in the same manner as provided for the initial appointment, for the remainder of the unexpired portion of the term of said Director.

(d) In addition to the eleven (11) Directors serving as The Authority's Board of Directors, there shall be two (2) non-voting ex-officio directors (the "Ex-officio Directors"), appointed by the Governor one each from the membership of the Arkansas Senate and House of Representatives. The Ex-officio Directors shall serve from the date of their appointment until the opening day of the next regularly scheduled session of the Arkansas General Assembly. The Ex-officio Directors may be reappointed. For purposes of subsection (e) of this Section, the Ex-officio Directors shall be treated as if they were Directors of The Authority.

(e) Unless otherwise provided by law, a Director of The Authority shall serve without pay, but shall be entitled to reimbursement for reasonable and necessary expenses of meals, lodging, and other expenses directly related to attending meetings of The Authority, or in the performance of duties assigned by The Authority, and in addition thereto, shall be entitled to reimbursement for mileage at the same rate as provided by law for reimbursement of official travel by State employees. Such expenses and mileage shall be paid from funds appropriated for such purpose or otherwise available to The Authority.

(f) Directors of The Authority shall annually elect from their membership one (1) member as Chairman, one (1) member as Vice-Chairman, and one (1) member as Secretary.

(g) The Directors of The Authority shall select some person who is not a member of the Board of Directors to serve at the pleasure of the Governor as President of The Authority. The Directors may also employ such other officers and employees as they may deem necessary. Any such officer shall be eligible for selection to succeed himself.

(h) Directors of The Authority shall meet at least once during each calendar quarter, and at such other times as may be provided in the rules of The Authority, upon call by the President, the Chairman, or upon written request of a majority of the Directors of The Authority.

(i) The Directors shall establish an Executive Committee, to be composed of the Chairman, the Vice-Chairman, and the Secretary of the Board, and two (2) additional members to be chosen by the Chairman from the remaining Directors. The Executive Committee may, in intervals between meetings of the Board, transact any business of the Board that has been delegated to the Executive Committee. A majority of the Executive Committee may conduct business and a favorable vote of three (3) members shall be deemed consent of the Executive Committee.

(j) No Director of The Authority shall serve more than two (2) terms of office.

(k) A Director of The Authority may be removed by the Governor for cause, stated in writing, after a hearing thereon, or upon joint address of a majority of the membership of both houses of the General Assembly at a special or regular session thereof.

(l) A majority of the Directors of The Authority shall be necessary to transact business of The Authority, and all actions of the Directors shall be by a majority vote of the full number of the members of the Board of Directors. [Acts 1983, No. 859, § 2, p. 2085; 1985, No. 409, § 2, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the present language for the section as it read: "The Authority shall consist of sixteen (16) Directors, who shall be legal residents of the State of Arkansas, to be appointed by the Governor, subject to confirmation by the Arkansas Senate, as follows:

"(a) four (4) Directors shall be appointed as scientists recognized for their scientific or technological research efforts;

"(b) four (4) Directors to be appointed as representatives of academic institutions who have an extended extensive involvement in science and technology research; and

"(c) four (4) Directors to be representatives of the private sector of the State, who shall be persons with knowledge or experience in the fields of agriculture, forestry, finance, economic development and/or science and technology; and

"(d) four (4) Directors shall be appointed as representatives of State and/or local government, who shall be heads or officials of public agencies, involved in or affected by science and technology.

"The Governor shall, in making such appointments, give consideration to geographical representation, in order that each major area of the State will be represented on the Board of Directors of The Authority.

"The members first appointed as Directors of The Authority shall determine, at their first meeting, by lot, their respective terms, in order that the terms of three (3) members shall expire on or before the 14th day of January of the year next following the year in which appointed, and the terms of three (3) members shall expire on January 14 of each year thereafter, until fifteen (15) members have been appointed; and, the terms of the remaining members shall

expire on January 14, 1989. Successor members shall be appointed for terms of six (6) years. In the event of a vacancy in the position of Director of The Authority, such vacancy shall be filled by appointment by the Governor in the same manner as provided for the initial appointment, for the remainder of the unexpired portion of the term of said Director.

"Unless otherwise provided by law, a Director of The Authority shall serve without pay, but shall be entitled to reimbursement for reasonable and necessary expenses of meals, lodging, and other expenses directly related to attending meetings of The Authority, or in the performance of duties assigned by The Authority, and in addition thereto, shall be entitled to reimbursement for mileage at the same rate as provided by law for reimbursement of official travel by State employees. Such expenses and mileage shall be paid from funds appropriated for such purpose or otherwise available to The Authority.

"The Authority shall promulgate rules and procedures for the conduct of its affairs. Directors of The Authority shall annually elect from their membership one (1) member as Chairman, one (1) member as Vice-Chairman, and one (1) member as Secretary. The Directors of The Authority shall select some person who is not a member of the Board of Directors to serve at the pleasure of the Board as Executive Director of The Authority, and such other officers as the Directors of The Authority may deem necessary. Any such officer shall be eligible for selection to succeed himself.

"Directors of The Authority shall meet at least once during each calendar quarter, and at such other times as may be provided in the rules of The Authority, upon call by the Executive Director, the Chairman, or upon written request of a majority of the Directors of The Authority.

"No Director of The Authority shall serve more than two (2) terms of office.

"A Director of The Authority may be removed by the Governor for cause, stated in writing, after a hearing thereon, or upon joint address of a majority of the membership of both houses of the General Assembly at a

"A majority of the Directors of The Authority shall be necessary to transact business of The Authority, and all actions of the Directors shall be by a majority vote of the full number of the members of the Board of Directors, except as provided in Section 3 [§ 6-1603] hereof."

6-1603. Nature and powers.

The Authority shall be a body corporate and politic, having the powers and jurisdiction hereinafter enumerated and such other additional powers as shall be conferred upon it by the General Assembly or by the people of this State. [Acts 1983, No. 859, § 3, p. 2085; 1985, No. 409, § 3, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of

1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the word "politic" for the word "political", and deleted the former last sentence.

6-1604. Powers and duties.

The Authority is hereby authorized and designated to engage in undertakings, programs, enterprises, and activities involving agriculture, manufacturing, medical and health care, transportation, public utility services, research and development, and other programs involving the establishment and encouragement of science and technological research. In the furtherance of such purposes, The Authority shall have all the powers necessary to carry out its purposes, which shall include but not be limited to:

- (a) make, amend, and repeal by-laws, rules, and regulations for the management of its affairs;
- (b) adopt an official seal;
- (c) sue and be sued, in its own name;
- (d) make contracts and execute all instruments necessary or convenient for carrying out its business;
- (e) acquire, own, hold, dispose of, and encumber real or personal property of any nature, both tangible and intangible, of any nature or any interest therein;
- (f) enter into agreements or other transactions with any federal, State, county, or municipal agency and with any individual, corporation, firm, association or any other entity involving science and technology;
- (g) acquire real property or an interest therein, by purchase or foreclosure, where such acquisition is necessary or appropriate to protect or secure any investment or loan in which The Authority has an interest;
- (h) to sell, transfer, and convey any such property to a buyer, and

with reasonable promptness or at a reasonable price, to lease such property to a tenant;

(i) invest any funds appropriated by the State and held in reserve in funds not required for immediate disbursement, in such investments that may be lawful for fiduciaries in the State of Arkansas, and invest funds received from gifts, grants, donations and other operations of The Authority in such investments as would be lawful for a private corporation having purposes similar to The Authority;

(j) borrow money and give guaranties, provided that the indebtedness and other obligations of The Authority shall be payable solely out of its own resources, and shall not constitute a pledge of the full faith and credit of the State of Arkansas or any of its revenues;

(k) appoint officers, employees, consultants, agents, and advisors, and prescribe their duties;

(l) appear in its own behalf before boards, commissions, departments, or other agencies of municipal, county, State, or federal government;

(m) procure insurance against any losses in connection with its properties in such amounts from such insurers as may be necessary or desirable;

(n) consent, subject to the provisions of any contract with note-holders, whenever it deems it necessary or desirable in the fulfillment of the purposes of this Act, to the modifications, with respect to the rate of interest, time payment, or of any installment, of principal and interest, or any terms of any contract or agreement of any kind to which The Authority is a party;

(o) accept any and all donations, grants, bequests, and devises, conditional or otherwise, of money, property, services, or other things of value which may be received from the United States or any agency thereof, any governmental agency, or any institution, person, firm, or corporation, public or private, to be held, used or applied for any or all of the purposes specified in this Act, in accordance with the terms and conditions of any such grant. Receipt of each such donation or grant shall be detailed in the annual report of The Authority. Such report shall include the identity of the donor or lender, the nature of the transaction, and any conditions attaching thereto;

(p) trade, buy or sell qualified securities;

(q) finance, conduct, or cooperate in the financing or conducting of scientific, technological, business, financial, or other investigations which are related or likely to lead to business and economic development, involving science and technology, by making and entering into contracts or other appropriate arrangements, including the provisions of grants, loans, and other forms of assistance;

(r) solicit, study, and assist in the preparation of business plans and proposals of new or established science and technological-oriented businesses and to advance the state of science in Arkansas for such purposes;

(s) prepare, publish, distribute, with or without charge as The Authority may determine, such technological studies, reports, bulletins, and other materials as it deems appropriate, subject only to the maintenance and responsibility for confidentiality of the client, proprietary information;

(t) organize, conduct, sponsor, or cooperate in and assist the conduct of, special institutes, conferences, demonstrations, and studies relating to the stimulation and formulation of basic science, applied science, and technologically-oriented businesses and studies relating to the formulation of scientific or technologically-oriented business and industry endeavors;

(u) own and possess patents, copyrights and proprietary processes and to enter into contracts, and establish charges, for the use of such patents, copyrights and proprietary processes involving science or technology;

(v) provide and pay for such advisory services and technical assistance that may be necessary or desirable to carry out the purposes of this Act [§§ 6-1601 — 6-1620];

(w) exercise any other powers necessary for the operation and functioning of The Authority within the purposes authorized in this Act;

(x) to provide scientific and technological data and information required by the Governor, the General Assembly of this State, or its committees, and to State agencies and cities, counties, and school districts, and to private citizens and groups, within the limitations of the resources available to The Authority. This service shall be in addition to any services currently being provided to the General Assembly by any higher education institution, committee, or any other organization. [Acts 1983, No. 859, § 4, p. 2085; 1985, No. 409, §§ 4-6, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment, in subdivision (i) deleted "sinking" following "in reserve in" and deleted "or funds" preceding "not required for"; in subdivision (n) deleted the words "or bondholders"; and in subdivision (p) added ", buy" after the word "trade".

6-1605. Additional powers — Annual report — Pledge of state credit or revenues.

The Authority shall have such additional powers and duties as may be hereafter delegated to or imposed upon it, from time to time, by the General Assembly. Unless and until otherwise provided, it

shall make an annual report to the Governor and to both houses of the General Assembly, setting forth in detail the operations and transactions conducted by it pursuant to this Act [§§ 6-1601 — 6-1620], and any other legislation thereafter provided.

The Authority shall not pledge the credit of the State of Arkansas or any of its revenues, except by the authority granted to it by the General Assembly and upon approval of the electors of this State, as may be required by Amendment 20 to the Constitution of this State. [Acts 1983, No. 859, § 5, p. 2085.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

6-1606. Studies, planning and recommendations — Cooperation with other agencies.

(a) The Authority shall, from time to time, make studies and develop plans and programs in the sciences and technologies to support industrial development in certain areas of research and development.

(b) The Authority shall recommend to the General Assembly proposed laws and regulations to support the growth and development of programs and research in the sciences and specialized areas of high technology.

(c) The Authority may provide leadership and assistance in cooperation with the State Commerce Commission, the Public Service Commission, or any other federal, State, county, or municipal authority, and to private industries in this State, for the adoption and execution of any improvements, changes in methods of operation, rates of transportation, utilities, zoning and building requirements and covenants which, in the opinion of The Authority, may be designed to improve or better operate the existing programs and research in the sciences and specific areas of high technology and related industrial development. [Acts 1983, No. 859, § 6, p. 2085.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

6-1607. Deposit of moneys — Audit.

All moneys coming into the hands of The Authority shall be deposited in one or more financial institutions selected by The Authority, authorized to do business in this State. Moneys received by The Authority from appropriations of the General Assembly shall be deposited, administered, and accounted for in such manner as the General Assembly may provide. The Authority shall provide for an audit to be performed and accepted by a certified public accountant, or firm, within sixty (60) days following the conclusion of each fiscal year of The Authority, and shall file copies thereof with the Legislative Joint Auditing Committee. The Legislative Joint Auditing Committee may accept such audit report, or direct an audit of the financial record of The Authority by the staff of said Committee. [Acts 1983, No. 859, § 7, p. 2085.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

6-1608. Authority over land, buildings, facilities used to develop high technology industries.

The Authority is hereby authorized to own, acquire, construct, reconstruct, extend, equip, improve, operate, maintain, sell, lease, contract concerning, or otherwise, deal in or dispose of any land, buildings, or facilities of any and every nature whatever that can be used in securing or developing industry, transportation facilities, research and technological laboratories and production facilities, agricultural, medical and scientific enterprises, involving the use of science and high-technology, hereinafter referred to as "industry" or "industries", within this State. [Acts 1983, No. 859, § 8, p. 2085.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

6-1609. Use of revenues — Assistance to minority businesses.

The Authority is authorized to use any available revenues for the accomplishment of the purposes set forth in this Act. In carrying out the purposes set forth in this Act, the Authority will assist minority businesses in obtaining loans or other means of financial assistance. The terms and conditions of such loans or financial assistance, including the charges for interest and other services, will be

consistent with the provisions of the Act. In order to comply with this requirement, efforts will be made to solicit for review and analysis proposed minority business ventures. Be it further provided that basic loan underwriting standards will not be waived to inconsistently favor minority persons or businesses or both from the intent of the Authority's lending practices. [Acts 1983, No. 859, § 9, p. 2085; 1985, No. 409, § 7, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the present language for the section as it read: "The Authority is hereby authorized to use any available revenues for the accomplishment of the purposes set forth in this Act [§§ 6-1601 — 6-1620], and is hereby authorized to

issue revenue bonds and to use the proceeds thereof for the accomplishment of the purposes set forth in this Act, either alone or together with other available funds and revenues. The amount of bonds issued shall be sufficient to pay all costs of accomplishing the said specified purposes, all costs of issuing the bonds, the amount necessary for a reserve, if desirable, the amount necessary to provide for debt service on the bonds until revenues for the payment thereof are available, and any other costs of whatever nature necessarily incidental to the accomplishment of said specified purposes."

6-1610. Science and technology authority endowment fund established — Deposits and disbursements.

There is hereby established on the books of the State Treasurer, State Auditor, and the Chief Fiscal Officer of the State, a trust fund to be known as the Arkansas Science and Technology Authority Endowment Fund ("Endowment Fund") to which shall be credited any State appropriations specifically so designated. The Board may, from time to time, increase the Endowment Fund by crediting to it such unrestricted appropriations, gifts, donations or grants from any source, in such amounts as the Board shall determine. No disbursement may be made from the corpus of the Endowment Fund to support The Authority's activities as provided in this Act, it being intended that only the income from the Endowment Fund (as earned pursuant to Section 11 [§ 6-1611] of this Act) shall be available for such purposes. [Acts 1983, No. 859, § 10, p. 2085; 1985, No. 409, § 8, p. —.]

Compiler's Notes. The words in parentheses so appeared in the law as enacted.

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or

being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

substituted the present language for the section as it read: "Revenue bonds authorized in this Act [§§ 6-1601 — 6-1620] may be issued by The Authority upon the adoption of a resolution therefor by the Board of The Authority. Such resolution shall state the purpose for which the revenue bonds are to be issued, and the total amount of the issue. No such resolution shall be adopted or entered until after a public hearing is held before The Authority. At

least ten (10) days prior to the date of the hearing, notice thereof shall be filed with the State Securities Commissioner and shall be published one (1) time in a newspaper of general circulation in this State. After such hearing, which may be adjourned from time to time, the resolution, as introduced or as modified or amended, may be adopted or entered. The notice provided for herein shall be published and filed by the Secretary of State."

6-1611. Investment of endowment fund assets.

The moneys and other assets comprising the Endowment Fund shall be invested in such manner and in such instruments as the State Treasurer may direct. The income from the investment of the Endowment Fund shall be redeposited in the Endowment Fund, and such income shall be subject to appropriation under Section 12 [§ 6-1612] of this Act for the use of The Authority in carrying out the purposes of this Act. [Acts 1983, No. 859, § 11, p. 2085; 1985, No. 409, § 9, p. —.]

Compiler's Notes. The words in parentheses so appeared in the law as enacted.

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the present language for the section as it read: "(a) The issuance of revenue bonds shall be by resolution adopted by The Authority. The bonds shall be coupon bonds, payable to bearer, but may be made subject to registration as to principal or as to principal and interest, may be issued in one or more series, may bear such date or dates, may mature at such time or times, not exceeding thirty (30) years from their respective dates, may bear interest at such rate or rates, may be in such form, may be executed in such manner, may be payable in such manner,

places, may be subject to such terms of redemption, and may contain such terms, covenants and conditions as the resolution adopted by The Authority may provide, including, without limitation, those pertaining to the custody and application of proceeds of the bonds, the collection and disposition of revenues, the maintenance of various funds and reserves, the nature and extent of the security, the rights, duties and obligations of The Authority and the trustee for the holders or registered owners of the bonds, and the rights of the holders of registered owners of the bonds. There may be successive bond issues for the purpose of financing the same project (land, buildings or facilities), involving one or more industries, and there may be successive bond issues for financing the cost of reconstructing, replacing, constructing additions to, extending, improving and equipping industrial projects, (land, buildings or facilities) already in existence, whether or not originally financed by bonds issued under this Act [§§ 6-1601 — 6-1620], with each successive issue to be authorized as provided by this Act. Priority between

as to security of the pledge of revenues and mortgage liens on the land, buildings and facilities involved may be controlled by the resolution authorizing the issuance of bonds hereunder. The bonds shall have all the qualities of negotiable instruments under the negotiable instruments laws of this State.

"(b) Said resolution may provide for the execution by The Authority of an indenture which defines the rights of the bondholders and provides for the appointment of a Trustee for the bondholders. Such indenture may control the priority between successive issues and may contain any other items, covenants and conditions that are deemed desirable, including, without limitation, those pertaining to the custody and application of the proceeds of the bonds, the collection and disposition of revenues, the maintenance of various funds and reserves, the nature and extent of the security, the rights, duties and obligations of The Authority and the Trustee for the holders or registered owners of the bonds, and the rights of the holders or registered owners of the bonds. It shall not be necessary for The Authority to publish any indenture, lease or any other agreement if the resolution authorizing an indenture, the resolution authorizing a lease or the resolution authorizing any other agreement advises that a copy of the indenture, lease or other agreement, as the case may be, is on file in the office of the Secretary of State for inspection by an interested person, and the copy of the indenture, lease or other agreement, as the case may be, is filed with the Secretary of State.

"(c) The bonds may be sold for such price, including, without limitation, sale at a discount, and in such manner as the bond resolution may determine.

"(d) The bonds shall be executed by the Chairman and Secretary of The Authority and in case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before the delivery of such bonds or coupons, such signatures shall nevertheless be valid and sufficient for all purposes. One (1) signature may be facsimile but one (1) must be manual. The coupons attached to the bonds may be

executed by the facsimile signature of the Secretary of The Authority.

"(e) In the resolution of The Authority authorizing the issuance of revenue bonds, The Authority may provide for the initial issuance of one or more bonds aggregating the principal amount of the entire issue, and may, in said resolution make such provisions for installment payments of the principal amount of such bonds as it may consider desirable and may provide for such bonds to be payable to bearer with interest coupons, or to be registrable as to principal only with interest coupons, or to be registrable as to principal and interest, and where interest accruing thereon is not represented by interest coupons, for the endorsement of payment of interest on such bonds. The Authority may make provision in said resolution for the manner and circumstances in which and under which bonds issued under this subsection (e) may, in the future at the request of the holders or registered owners thereof, be converted into bonds of smaller denomination, which bonds of smaller denomination may in turn be either coupon bonds payable to bearer or bonds registrable as to principal only, or bonds registrable as to both principal and interest.

"(f) If the issuance of bonds is authorized in accordance with the provisions of this Act [§§ 6-1601 — 6-1620], The Authority is authorized to obtain interim financing pending the delivery of all or any part of the bonds from such sources and upon such terms as The Authority shall determine. As evidence of any indebtedness so incurred, The Authority may execute and deliver its promissory note or notes and pledge to the payment thereof any revenues authorized by this Act to be pledged to revenue bonds and may secure the notes as revenue bonds issued under this Act may be secured. Such notes shall not be obligations of The Authority, and in no event shall such notes constitute an indebtedness of the State of Arkansas within the meaning of any constitutional or statutory limitation. The Authority may use, as distinguished from pledge, any available revenues to pay or to apply to the payment of the principal of and interest on such notes and may

use the proceeds of revenue bonds, either alone or with other available revenues, to pay the principal and interest on the notes. The notes may bear such date or dates, may mature at such time or times, not exceeding thirty-six (36) months from their respective dates, may bear interest at such rate or rates, may be in such form, may be executed in such manner, may be payable at such place or places, may contain such provisions for prepayment prior to maturity

and may contain such other terms, or covenants, and conditions as the ordinance or order may provide, not inconsistent with the provisions of this Act pertaining to revenue bonds and pertaining to the security, rights, duties and obligations of The Authority and the trustee for the holders or registered owners of the bonds and the rights of the holders or registered owners of the bonds."

6-1612. Investment fund created — Deposits credited to fund.

There is hereby created an Investment Fund (to be held and managed by The Authority as provided in this Act [§§ 6-1601 — 6-1620]) to which shall be appropriated all net income of the Endowment Fund. The net income of the Endowment Fund so appropriated to the Investment Fund shall be credited to the Investment Fund at such times as directed in the appropriations act. The Board may, from time to time, credit to the Investment Fund such other monies as are available to The Authority, from whatever source derived. The Authority shall hold the Investment Fund in an account or accounts separate from other funds, and shall manage its investment as set forth in Section 13 [§ 6-1613] of this Act. All monies received by The Authority and deposited to the Investment Fund are hereby specifically declared to be cash funds, restricted in their use and to be used solely as provided herein. [Acts 1983, No. 859, § 12, p. 2085; 1985, No. 409, § 10, p. —.]

Compiler's Notes. The words in parentheses so appeared in the law as enacted.

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the present language for the section as it read: "Such revenue bonds shall not be general obligations of the State of Arkansas, but shall be special obligations of The Authority and in no event shall the revenue bonds constitute an indebtedness of the State of Arkansas within the meaning of any constitu-

tional or statutory limitation. It shall be plainly stated on the face of each bond that the same has been issued under the provisions of this Act [§§ 6-1601 — 6-1620], and that it does not constitute an indebtedness of the State of Arkansas within any constitutional or statutory limitation. The principal of and interest on the revenue bonds, and paying agent's fees, shall be payable in the first instance from gross revenues derived from the lands, buildings and/or facilities acquired, constructed, reconstructed, extended and/or improved, in whole or in part, with the proceeds of the bonds. In addition, The Authority is authorized to pledge to and use for the payment of the principal of an interest on the bonds, and paying agent's fees, surplus revenues derived from other lands, buildings and/or facilities used and useful for securing and developing

industry and/or surplus revenues derived from other facilities owned by The Authority. Surplus revenues, as used herein, are hereby defined to mean revenues remaining after adequate provision shall have been made for expenses of operation, maintenance and depreciation and all requirements of ordinances, orders and/or indentures se-

curing bonds, theretofore, or thereafter issued to finance the cost of acquiring, constructing, reconstructing, extending and/or improving said lands, buildings and/or facilities for developing and securing industry involving science and high-technology have been fully met and complied with."

6-1613. Authorized uses of investment fund.

The Authority may use the Investment Fund and the income thereof as set forth below:

(a) to carry out the purposes of this Act through investment in qualified securities and through the forms of financial assistance authorized by this Act, including, but not limited to, the following:

- (1) loans
- (2) equity investments
- (3) leaseholds
- (4) management or consultant service agreements
- (5) loans with warrants attached that are beneficially owned by

The Authority

(6) loans with warrants attached that are beneficially owned by a party other than The Authority

(7) any other contractual arrangement in which The Authority is providing scientific and technological services to any federal, state, county or municipal agency, or to any individual, corporation, firm, association or any other entity involving science and technology. The Authority may, in connection with the provision of any form of financial assistance, enter into royalty agreements with an enterprise.

(b) to pay all or a portion of the operating expenses of The Authority.

(c) to invest in such other investments as are lawful for fiduciaries in Arkansas. [Acts 1983, No. 859, § 13, p. 2085; 1985, No. 409, § 11, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment

section as it read: "Revenue bonds may be issued hereunder for the purpose of refunding any obligations issued hereunder. Such refunding bonds may be combined with other bonds issued under the provisions of this Act [§§ 6-1601 — 6-1620] into a single issue. When bonds are issued under this section for refunding purposes, such bonds may either be sold or delivered in exchange for the outstanding obligations.

applied to the payment of the obligations refunded or deposited in escrow for the retirement thereof. The resolution under which such refunding bonds are issued may provide that any of the said refunding bonds shall have the same priority of lien on the revenues pledged

for their payment as was enjoyed by the obligations refunded thereby. Such refunding bonds shall be issued and secured in the manner provided for other bonds issued under this Act and shall have all the attributes of such bonds."

6-1614. Purchase of qualified securities by the authority — Prerequisites — Advisory committees.

The Authority may utilize the Investment Fund to purchase qualified securities issued by enterprises as a part of a Scientific and Technological project for the purpose of raising the initial capitalization for such projects subject to the conditions set forth in this section.

The Authority shall purchase qualified securities issued by an enterprise as a part of a Scientific and Technological Project only after (a) receipt of an application from the enterprise which contains a business plan including a description of the enterprise and its management, product and market, a statement of the amount, timing and projected use of the capital required, a statement of the potential economic impact of the enterprise, including the number, location and types of jobs expected to be created, and such other information as the Board shall request, and (b) approval of the investment by the Board after the Board shall find, based upon the application submitted by the enterprise and such additional investigation as the staff of The Authority shall make, and incorporate in its minutes that:

(1) the proceeds of the investment will only be used to cover the initial capitalization needs of the enterprise except as hereinafter authorized;

(2) the enterprise has a reasonable chance of success;

(3) The Authority's participation is necessary to the success of the enterprise because funding for the enterprise is unavailable in the traditional capital markets, or because funding has been offered on terms that would substantially hinder the success of the enterprise;

(4) the enterprise has the reasonable potential to create a substantial amount of primary employment within the State;

(5) the entrepreneur and other founders of the enterprise have already made or are contractually committed to make a substantial financial and time commitment to the enterprise;

(6) the securities to be purchased are qualified securities;

(7) there is a reasonable possibility that The Authority will recoup at least its initial investment; and

(8) binding commitments have been made to The Authority by the enterprise for adequate reporting of financial data to The Authority, which shall include a requirement for an annual or

other periodic audit of the books of the enterprise, and for such control on the part of The Authority as the Board shall consider prudent over the management of the enterprise, so as to protect the investment of The Authority, including, in the discretion of the Board and without limitation, right of access to financial and other records of the enterprise.

In carrying out its functions under this Section, the Board may create such advisory committees as may be useful in evaluating potential investments in qualified securities. The memberships of these advisory committees may include both Directors and staff members of The Authority, and other persons drawn from sources other than The Authority, all of whom shall serve at the pleasure of the Board. Members of such advisory committees shall serve without compensation for their membership on such committees, but shall be reimbursed for any reasonable expenses incurred by them in the performance of duties assigned by the Board.

The Authority shall not make investments in qualified securities issued by enterprises in excess of the following limits:

(1) Not more than five hundred thousand dollars (\$500,000.00) shall be invested in the qualified securities of any one enterprise.

(2) The Authority shall not own securities representing more than forty-nine percent (49%) of the voting stock of any one enterprise at the time of the purchase by The Authority, after giving effect to the conversion of all outstanding convertible securities of the enterprise, except that in the event of severe financial difficulty of the enterprise, threatening, in the judgment of the Board, the investment of The Authority therein, a greater percentage of such securities may be owned by The Authority.

The Authority may not invest, nor may it commit to invest, in any qualified securities prior to the Board's adopting rules to govern the programs authorized under this Section. [Acts 1983, No. 859, § 14, p. 2085; 1985, No. 409, § 12, p. —.]

Compiler's Notes. The bracketed word "Authority" in the second sentence was inserted by the compiler.

Legislative Intent. Section 19 of acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment

section as it read: "The bond resolution or indenture referred to in Section 11 [§ 6-1611] of this Act may, but need not, impose a foreclosable mortgage lien upon the land, buildings, and/or facilities acquired, constructed, reconstructed, extended, equipped or improved, in whole or in part, with the proceeds of bonds issued under this Act [§§ 6-1601 — 6-1620], and the nature and extent of such mortgage lien may be controlled by the bond resolution or indenture including, without limitation, provisions pertaining to the release of the land, buildings, and/or

facilities from the mortgage lien and the priority of the mortgaged lien in the event of successive bond issues as authorized by this Act. The bond resolution or indenture authorizing and/or securing the bonds may authorize any holder or registered owner of bonds issued under the provisions of this Act, or a trustee on behalf of all holders and registered owners, either at law or in equity, to enforce the mortgage lien and, by proper suit, compel the performance of the

duties of the officials of The Authority [Authority] set forth in this Act and set forth in the bond resolution or indenture authorizing and/or securing the bonds. References in this Act to mortgage lien shall include, and mean, security interest in any personal property embodied in the facilities acquired, constructed, reconstructed, extended, equipped or improved, in whole or in part, with the proceeds of bonds issued under this Act."

6-1615. Powers of authority.

In relation to its authorization under this Act to engage in undertakings, programs, enterprises, and activities involving research and development and other programs involving the establishment and encouragement of scientific and technological research[,] The Authority shall have all the powers necessary to carry out programs which include, but are not limited to:

(a) funding basic research at Arkansas colleges and universities as specified in Section 16 [§ 6-1616];

(b) stimulating applied research partnerships between private industry and Arkansas colleges and universities and matching funds from private industry for proposed applied research projects as specified in Section 16;

(c) transferring knowledge and technology from college, university and government laboratories to private industry; and

(d) creating, in cooperation with Arkansas colleges and universities, facilities to foster the growth of technology-based enterprises. In establishing and maintaining the programs authorized by this section, The Authority may utilize monies drawn from the Investment Fund, and such other monies as are lawfully available to The Authority for supporting its purposes. [Acts 1983, No. 859, § 15, p. 2085; 1985, No. 409, § 13, p. —.]

Compiler's Notes. The bracketed comma in the introductory paragraph was inserted by the compiler.

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., which are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

substituted the present language for the section as it read: "In the event of a default in the payment of the principal of or interest on any revenue bonds issued under this Act [§§ 6-1601 — 6-1620], any court having jurisdiction may appoint a receiver to take charge of the land, buildings and/or facilities acquired, constructed, reconstructed, extended, equipped, or improved, in whole or in part, with the proceeds of revenue bonds issued under this act, upon which land, buildings and/or facilities, or any

securing the said revenue bonds with reference to which there is such a default in the payment of principal and/or interest. The receiver shall have the power to operate and maintain the said land, buildings and/or facilities and to charge and collect rates and/or rents sufficient to provide for the payment of the principal of and interest on said bonds, after providing for the payment of any cost of receivership and operating expenses of said land, buildings and/or facilities, and to apply the income and revenues derived from said land, buildings and/or facilities in conformity with this act and the bond resolution indenture authorizing and/or securing the said bonds. When the default has been

cured, the receivership shall be ended and the properties returned to The Authority. The relief afforded by this Section shall be construed to be in addition and supplemental to the remedies that may be afforded the trustee for the bondholders and the bondholders in the bond resolution or indenture authorizing and/or securing the bonds, and shall be so granted and administered as to accord full recognition to priority rights of bondholders as to the pledge of revenues from, and mortgage lien on said land, buildings and/or facilities as specified in and fixed by the bond resolution or indentures authorizing and/or securing successive bond issues."

6-1616. Adoption of rules and regulations — Members of advisory committees — Limitation on amount funded.

The Authority is hereby empowered to make such rules and regulations as it may deem appropriate to enable it to create and fund a program designed to promote basic and applied research at Arkansas colleges and universities. In carrying out its functions under this Section, the Board may create such advisory committees as may be useful in evaluating research proposals. The memberships of these advisory committees may include both Directors and staff members of The Authority, and other persons drawn from sources other than The Authority, all of whom shall serve at the pleasure of the Board. Members of such advisory committees shall serve without compensation for their membership on such committees, but shall be reimbursed for any reasonable expenses incurred by them in the performance of duties assigned by the Board.

(a) Any monies lawfully available to The Authority for the purpose of supporting basic research at Arkansas colleges and universities shall in no event defray more than sixty percent (60%) of the total cost of the proposed basic research project being funded. The remaining forty percent (40%) of the total cost of the proposed research project shall be funded by monies or in-kind services provided by the college or university proposing the research project.

(b) Any monies lawfully available to The Authority for the purpose of creating applied research partnerships between private industry and Arkansas colleges and universities and matching contributions of funds and equipment from private industry shall in no event defray more than fifty percent (50%) of the total cost of the proposed applied research project. The proposed applied research project shall be submitted by an Arkansas college or university, and the proposed shall state that not less than fifty percent (50%) of the

total cost of the proposed applied research project will be provided by a private industry. The Board shall approve for funding only those proposed applied research projects for which the Board finds that enhanced employment opportunity within Arkansas will be a likely result. [Acts 1983, No. 859, § 16, p. 2085; 1985, No. 409, § 14, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

6-1617. Personal interest in contracts or agreements prohibited.

No Director, officer or employee of The Authority for purpose of personal gain, shall have or attempt to have, directly or indirectly, any interest in any contract or agreement of The Authority in connection with the qualified investments or other programs of The Authority. The Authority shall not invest pursuant to Section 14 [§ 6-1614] of this Act in any qualified security of (1) any enterprise that is owned, wholly or partially, directly or indirectly, by any Director or officer of The Authority or (2) any enterprise that employs a Director of The Authority. It shall not be a violation of this Section for The Authority to permit any college, university or other nonprofit institution with which a Director of The Authority is affiliated to participate in any program of The Authority, provided that such Director shall promptly disclose the nature of the affiliation to the Board. [Acts 1983, No. 859, § 17, p. 2085; 1985, No. 409, § 15, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the present language for the section as it read: "Any municipality, or any board, commission or other authority duly established by ordinance of any

Amendments. The 1985 amendment substituted the present language for the section as it read: "Bonds issued under the provisions of this act [§§ 6-1601 — 6-1620] shall be exempt from all State, county and municipal taxes. This exemption includes income and inheritance taxes."

such municipality, or the Boards of Trustees, respectively, of the Firemen's Relief and Pension Fund and the Policemen's Pension and Relief Fund of any such municipality, or any county, or the board of trustees of any retirement system created by the General Assembly of the State of Arkansas, may, in its discretion, invest any of its funds not immediately needed for its purposes in the revenue bonds issued under the provisions of this Act [§§ 6-1601 — 6-1620] and revenue bonds issued hereunder shall be eligible to secure the deposit of public funds."

6-1618. Severability of provisions.

If, for any reason, any section or provision of this Act [§§ 6-1601 — 6-1620] shall be held to be unconstitutional or invalid, such holding shall not affect the remainder of this Act, but this Act insofar as it is not in conflict with the Constitution of this State, or the Constitution of the United States, shall be permitted to stand, and the various provisions of this Act are hereby declared to be severable for that purpose. [Acts 1983, No. 859, § 18, p. 2085; 1985, No. 409, § 16, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the present language for the section as it read: "Wherever used or referred to in this Act [§§ 6-1601 — 6-1620] unless a different meaning clearly appears from the context:

"(a) 'The Authority' means the Arkansas Science and Technology Authority established by this Act.

"(b) 'Equip' means to install or place on or in any building or structure equipment of any and every kind, whether or not affixed, including, without limiting the generality of the foregoing, building service equipment, fixtures, heating equipment, air conditioning equipment, machinery, laboratories, scientific equipment, furniture, furnishings and personal property of every kind.

"(c) 'Sell' means to sell for such price, in such manner and upon such terms as The Authority shall determine, including, without limiting the generality of the foregoing, private or public sale, and if public, pursuant to such advertisement as The Authority shall determine, sell for cash or credit payable in lump sum or installments over such period as The Authority shall determine, and if on credit, with or without interest and at such rate or rates, as The Authority shall determine.

"(d) 'Lease' means to lease for such

rentals, for such period or periods and upon such terms and conditions as The Authority shall determine, including, without limiting the generality of the foregoing, the granting of such renewal or extension options for such rentals, for such period or periods and upon such terms and conditions as The Authority shall determine and the granting of such purchase options for such prices and upon such terms and conditions as The Authority shall determine.

"(e) 'Facilities' means any real property, personal property or mixed property of any and every kind that can be used or that will be useful in securing or developing industry, including science and high-technology, including, without limiting the generality of the foregoing, rights of way, roads, streets, pipes, pipe lines, reservoirs, utilities, materials, equipment, fixtures, machinery, furniture, furnishings, instrumentalities, and other real, personal or mixed property of every kind.

"(f) 'Construct' means to acquire or build, in whole or in part, in such manner and by such methods, including contracting therefor, and if the latter, by negotiation or bidding upon such terms and pursuant to such advertising as The Authority shall determine to be in the public interest and necessary, under the circumstances existing at the time, to accomplish the purposes of an authorities set forth in this act.

"(g) 'Industry' shall include, but is not limited to, manufacturing facilities, warehouses, distribution facilities, repair and maintenance facilities, agricultural facilities, and corporate and management offices for industry."

6-1619. Definitions.

As used herein, unless the context otherwise requires,

(1) "Act" shall mean Act 859 of 1983 [§§ 6-1601 — 6-1620], as amended;

(2) "Applied research" shall mean any activity which seeks to utilize, synthesize, or apply existing knowledge, information or resources to the resolution of a specified problem, question or issue;

(3) "The Authority" shall mean the Arkansas Science and Technology Authority established by this Act;

(4) "Basic research" shall mean any original investigation for the advancement of scientific or technological knowledge;

(5) "Board" shall mean the Board of Directors of The Authority;

(6) "Construct" shall mean to acquire or build, in whole or in part, in such manner and by such method, including contracting therefor, and if the latter, by negotiation or bidding upon such terms and pursuant to such advertising as The Authority shall determine to be in the public interest and necessary, under the circumstances existing at the time, to accomplish the purposes of and authorities set forth in this Act;

(7) "Endowment Fund" shall mean the fund created by Section 10 [§ 6-1610] of this Act;

(8) "Enterprise" shall mean a business with its principal place of business in Arkansas and which is or proposes to be engaged in this State in manufacturing, research and development, or the provision of services involving a significant amount of technology;

(9) "Equip" shall mean to install or place on or in any building or structure equipment of any and every kind, whether or not affixed, including, without limiting the generality of the foregoing, building service equipment, fixtures, heating equipment, air conditioning equipment, machinery, laboratories, scientific equipment, furniture, furnishings and personal property of every kind;

(10) "Facilities" shall mean any real property, personal property or mixed property of any and every kind that can be used or that will be useful in securing or developing industry, including science and high-technology, including, without limiting the generality of the foregoing, rights of way, roads, streets, pipes, pipe lines, reservoirs, utilities, materials, equipment, fixtures, machinery, furniture, furnishings, instrumentalities, and other real, personal or mixed property of every kind;

(11) "Industry" shall include, but not be limited to, manufacturing facilities, warehouses, distribution facilities, repair and maintenance facilities, agricultural facilities, and corporate management offices for industry;

(12) "Initial capitalization" shall mean financing that is provided for the development, refinement, and commercialization of a product or process and other working capital needs.

(13) "Investment Fund" shall mean the fund created by Section 12 [§ 6-1612] of this Act;

(14) "Lease" shall mean to lease for such rentals, for such period or periods and upon such terms and conditions as The Authority shall determine, including, without limiting the generality of the foregoing, the granting of such renewal or extension options for such rentals, for such period or periods and upon such terms and conditions as The Authority shall determine and the granting of such purchase options for such prices and upon such terms and conditions as The Authority shall determine;

(15) "Qualified security" shall mean any note, stock, treasury stock bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, preorganization certificate or subscription, transferable share, investment contract, certificate of deposit for a security, certificate of interest or participation in a patent or application therefor, or in royalty or other payments under such a patent or application, or, in general, any interest or instrument commonly known as a "security" or any certificate for, receipt for, guarantee of, or option, warrant or right to subscribe to or purchase any of the foregoing, provided that in the valuation of "qualified security," no value shall be placed on in-kind services;

(16) "Scientific and Technological Project" shall mean a project undertaken in Arkansas by an enterprise, which project the Board shall have determined promotes the purposes of this Act [§§ 6-1601 — 6-1620] and otherwise benefits the State and its citizens.

(17) "Sell" shall mean to sell for such price, in such manner and upon such terms as The Authority shall determine, including, without limiting the generality of the foregoing, private or public sale, and if public, pursuant to such advertisement as The Authority shall determine, sell for cash or credit payable in lump sum or installments over such period as The Authority shall determine, and if on credit, with or without interest and at such rate or rates, as The Authority shall determine; and

(18) "State" shall mean the State of Arkansas. [Acts 1983, No. 859, § 19, p. 2085; 1985, No. 409, § 17, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted the present language for the section as it read: "Nothing in this Act [§§ 6-1601 — 6-1620] shall be construed to authorize The Authority to issue or sell revenue bonds or use the proceeds thereof to purchase, condemn, or otherwise acquire a utility plant or distribution system owned or operated by a regulated public utility."

6-1620. Liberal construction.

This Act [§§ 6-1601 — 6-1620] shall be liberally construed to accomplish the intent and purpose thereof and shall be the sole authority required for the accomplishment of such purposes. To this end, it shall not be necessary for The Authority to comply with general provisions of other laws dealing with public facilities and equipment, their acquisition, construction, leasing, encumbering or disposition. [Acts 1983, No. 859, § 20, p. 2085; 1985, No. 409, § 18, p. —.]

Legislative Intent. Section 19 of Acts 1985, No. 409 read: "It is the intention of this Act to amend such sections or subsections of Act 859 of 1983, the same being Arkansas Statute 6-1601 et seq., as are specifically mentioned herein, and the remainder of said Act 859 of 1983 shall remain in full force and effect as enacted until the same shall be further amended or repealed."

Amendments. The 1985 amendment substituted "purpose" for "purposes" in the first sentence, and added "for The Authority" following the words "not be necessary" in the second sentence.

Emergency. Section 20 of Acts 1985, No. 409 read: "It is hereby found and determined that there is an urgent need to promote the establishment of high-

technology industries within the State of Arkansas and, further, to support basic and applied research in Arkansas colleges and universities; that the Arkansas Science and Technology Authority as presently constituted lacks some of the powers necessary to meet those needs; and that the amendment of The Authority's enabling legislation will permit it more effectively to carry out the purposes for which it was established. Therefore, an emergency is hereby declared to exist and this Act being necessary for the immediate preservation of the public peace, health and safety, shall be in full force and effect, from and after its passage and approval." Approved March 19, 1985.

TITLE 7**STATE INSTITUTIONS IN GENERAL; HOSPITALS**

CHAPTER.

1. GENERAL PROVISIONS, §§ 7-112 — 7-113.1.

CHAPTER.

2. HONORARY BOARDS OF MANAGEMENT, §§ 7-203.1, 7-203.2, 7-206, 7-206.1.

CHAPTER 1**GENERAL PROVISIONS**

SECTION.

7-112. Security officers at state institutions — Duties — Identification — Removal.

7-112.1. Definitions.

7-108. Embezzlement by officer or employee of certain institutions — Larceny.

Legal Periodicals. Official Misconduct under the Arkansas Criminal Code, 30 Ark. L. Rev. 160.

7-112. Security officers at state institutions — Duties — Identification — Removal.

The executive head of each of the educational, charitable, correctional, penal and other institutions owned and operated by the State of Arkansas, including the executive head of the Department of Parks and Tourism, is hereby authorized and empowered to designate and appoint one or more of the employees of such institutions and Department, respectively, as a security officer or officers for the institution, or at a State park, or any separate portion of such institution or park, who shall be, and are hereby constituted, peace officers under the laws of this State, and shall have and possess all the powers provided by law for city police and county sheriffs, to be exercised as required for the protection of the respective State institutions, and State parks, together with such other duties as may be assigned by the employing institution or department. As used in this Act [§§ 7-112 — 7-120], the term "institution" shall include the respective State parks of this State. The term "executive head", when used with reference to the University of Arkansas, means the President of the University of Arkansas. None of the present jurisdiction powers or responsibility of the county sheriffs or city police shall be ceded to the security officers of such State institutions or over the land or property of said institutions or persons on said

required to comply with this ad hoc committees, and other members shall be appointed by board:

rules that the board considers are consistent with the federal and section 122.22 of the Re-

dance with division (F) of se- revised Code, four regular board o be scheduled at the call of the additional special meetings that called by the chairman on his upon a written request that is l members and directed to the

1277 (Eff 12-14-78); 138 v S 160 (Eff 11-23-81.†

RC § 122.23 (130 v 48, 49). repealed 131 v 2016, § 2, eff 10-30-65.

advisory committees; judicial

may appoint any advisory com- state criminal justice services or the office of criminal justice considers appropriate.

court may appoint, in accor- deral criminal justice acts, a committee to assist the criminal board.

1277. Eff 12-14-78.†

RC § 122.24 (130 v 49). repealed 131 v

metropolitan county criminal cy; formation, powers, duties.]

enter into an agreement with h in the county to establish a criminal justice services agen- of the county exceeds five hun- population of the city exceeds ousand.

an county criminal justice ser- o all of the following:

riminal and juvenile justice thin its services area;

ze, and correlate information ag the criminal and juvenile n its services area;

th and provide technical assis- il and juvenile justice agencies ther appropriate organizations its services area;

d assist agencies of the criminal systems and other appropriate persons to solve problems that

ary 1, 1984; however, sections 4 and

relate to its duties;

(5) Administer within its services area any federal criminal justice acts that the office of criminal justice services administers within the state;

(6) Implement the comprehensive plans for its services area;

(7) Monitor or evaluate, within its services area, the performance of the criminal and juvenile justice systems projects and programs that are financed in whole or in part by funds granted through it;

(8) Apply for, allocate, and disburse grants that are made available pursuant to any federal criminal justice acts, or pursuant to any other federal, state, or private sources for the purpose of improving the criminal and juvenile justice systems;

(9) Contract with federal, state, and local agencies, foundations, corporations, and other businesses or persons to carry out the duties of the agency.

HISTORY: 137 v H 1277. Eff 12-14-78.†

Not analogous to former RC § 122.25 (130 v 49), repealed 131 v 2016, § 2, eff 10-30-65.

Cross-References to Related Sections

See RC § 122.27 which refers to this section.

§ 122.26 [Funding, comprehensive plan, supervisory board for metropolitan county agency.]

(A) The department of development shall, when funds are available for this purpose, provide funds to metropolitan county criminal justice services agencies for the purpose of developing, coordinating, evaluating, and implementing comprehensive plans within their respective counties. The department shall provide funds to an agency, only if it complies with the conditions of division (B) of this section.

(B) A metropolitan county criminal justice services agency shall do all of the following:

(1) Submit, in a form that is acceptable to the office of criminal justice services, a comprehensive plan for the county;

(2) Establish a metropolitan county criminal justice services supervisory board whose members shall include a majority of the local elected officials in the county and representatives from law enforcement agencies, courts, prosecuting authorities, public defender agencies, rehabilitation and correction agencies, community organizations, juvenile justice services agencies, professionals, and private citizens in the county, and that shall have the authority set forth in division (C) of this section;

(3) Organize in the manner provided in sections 167.01 to 167.03, 302.21 to 302.24, or 713.21 to 713.27 of the Revised Code, unless the board created pursuant to division (B)(2) of this section organizes pursuant to these sections.

(C) A metropolitan county criminal justice services supervisory board shall do all of the following:

(1) Exercise leadership in improving the quality of the criminal and juvenile justice systems in the county;

(2) Review, approve, and maintain general oversight of the comprehensive plans for the county and the implementation of the plans;

(3) Review and comment on the overall needs and accomplishments of the criminal and juvenile justice systems in the county;

(4) Establish, as required to comply with this division, task forces, ad hoc committees, and other committees, whose members shall be appointed by the chairman of the board;

(5) Establish any rules that the board considers necessary and that are consistent with the federal criminal justice acts and section 122.22 of the Revised Code.

HISTORY: 137 v H 1277 (Eff 12-14-78); 139 v H 536. Eff 8-12-82.†

Not analogous to former RC § 122.26 (130 v 50), repealed 131 v 2016, § 2, eff 10-30-65.

Cross-References to Related Sections

See RC § 122.27 which refers to this section.

§ 122.27 [Administrative planning districts; criminal justice coordinating councils.]

(A) In counties in which a metropolitan county criminal justice services agency does not exist, the office of criminal justice services shall discharge the office's duties by establishing administrative planning districts. An administrative planning district shall contain a group of contiguous counties in which no county has a metropolitan county criminal justice services agency.

(B) Any county or any combination of contiguous counties within an administrative planning district may form a criminal justice coordinating council, if the county or the group of counties has a total population in excess of two hundred fifty thousand. The council shall comply with the conditions set forth in divisions (B) and (C) of section 122.26 of the Revised Code, and exercise within its jurisdiction the powers and duties set forth in division (B) of section 122.25 of the Revised Code.

HISTORY: 137 v H 1277. Eff 12-14-78.†

Not analogous to former RC § 122.27 (130 v 50). repealed 131 v 2016, § 2, eff 10-30-65.

§ 122.33 [Programs.]

The director of development shall administer the following programs:

(A) The industrial technology and enterprise development grant program, to provide capital to acquire, construct, enlarge, improve, or equip and to sell, lease, exchange, and otherwise dispose of property, structures, equipment, and facilities within the state.

† Sections 4 and 5 of H 1277 provided that this section was repealed effective January 1, 1984; however, sections 4 and 5 were themselves repealed by section 4(D) of 140 v H 291, effective July 1, 1983.

Such funding may be made to enterprises that propose to develop new products or technologies when the director finds all of the following factors to be present:

(1) The undertaking will benefit the people of the state by creating or preserving jobs and employment opportunities or improving the economic welfare of the people of the state, and promoting the development of new technology.

(2) There is reasonable assurance that the potential royalties to be derived from the sale of the product or process described in the proposal will be sufficient to repay the funding pursuant to sections 122.28 to 122.36 of the Revised Code and that, in making the agreement, as it relates to patents, copyrights, and other ownership rights, there is reasonable assurance that the resultant new technology will be utilized to the maximum extent possible in facilities located in Ohio.

(3) The technology and research to be undertaken will allow enterprises to compete more effectively in the marketplace. Grants of capital may be in such form and conditioned upon such terms as the board deems appropriate.

(B) The industrial technology and enterprise resources program to provide for the collection, dissemination, and exchange of information regarding equipment, facilities, and business planning consultation resources available in business, industry, and educational institutions and to establish methods by which small businesses may use available facilities and resources. The methods may include, but need not be limited to, leases reimbursing the educational institutions for their actual costs incurred in maintaining the facilities and agreements assigning royalties from development of successful products or processes through the use of the facilities and resources. The director shall operate this program in conjunction with the board of regents.

(C) The Thomas Alva Edison grant program to provide grants to foster cooperative research and development efforts involving enterprises and educational institutions that will lead to the creation of jobs.

(1) Grants may be made to a public or private educational institution, department, college, institute, faculty member, or other administrative subdivision or related entity of an educational institution when the director finds that the undertaking will benefit the people of the state by supporting research in advanced technology areas likely to improve the economic welfare of the people of the state through promoting the development of new commercial technology.

(2) Grants may be made in a form and conditioned upon terms as the director deems appropriate.

(3) Grants made under this program shall in all instances be in conjunction with a contribution to the project by a cooperating enterprise which main-

tains or proposes to maintain a relevant research, development, or manufacturing facility in the state, or by an educational institution or related entity; however, funding provided by an educational institution or related entity shall not be from general revenue funds appropriated by the Ohio general assembly. No grant made under this program shall exceed the contribution made by the cooperating enterprise or educational institution or related entity. The director may consider cooperating contributions in the form of state of the art new equipment or in other forms provided the director determines that the contribution is essential to the successful implementation of the project. The director may adopt rules or guidelines for the valuation of contributions of equipment or other property.

(4) The director may determine fields of research from which grant applications will be accepted under this program.

*HISTORY: 140 v H 37. Eff 6-22-84.

§ 122.40 [Development financing advisory board.]

(A) There is hereby created the development financing advisory board to assist in carrying out the programs created pursuant to sections 122.39 to 122.62 and Chapter 166. of the Revised Code.

(B) The board shall consist of seven members appointed by the governor with the advice and consent of the senate and selected for their knowledge of and experience in economic development financing, one member of the senate appointed by the president of the senate, and one member of the house of representatives appointed by the speaker of the house of representatives, with respect to the board:

(1) No more than four members of the board appointed by the governor shall be members of the same political party.

(2) Each member shall hold office from the date of his appointment until the end of the term for which he was appointed.

(3) The terms of office for the seven members appointed by the governor shall be for seven years commencing on the first day of January and ending on the thirty-first day of December.

(4) Any member of the board is eligible for reappointment.

(5) As a term of a member of the board appointed by the governor expires, the governor shall appoint a successor with the advice and consent of the senate.

(6) Any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall hold office for the remainder of his predecessor's term.

(7) Any member shall continue in office subsequent to the expiration date of his term until his successor takes office, or until a period of sixty days has elapsed, whichever occurs first.

(8) Before entering upon his office, the director shall take an oath provided in Article XV, Ohio Constitution.

(9) The governor may appoint a member appointed by him under this section of the Revised Code.

(10) Members of the board shall receive their necessary expenses while engaged in the business of the board to be paid at the per diem rate provided in section 124.15 of the Revised Code.

(11) Five members of the board shall constitute a quorum.

*HISTORY: 140 v H 794. I

[OFFICE OF COMMISSIONER OF REVENUE]

Section	
122.66	[Definitions.]
122.67	[Office of commissioner of revenue.]
122.68	[Powers and duties of commissioner of revenue.]
122.69	[Designation of commissioner of revenue.]
122.70	[Powers and duties of commissioner of revenue.]
[122.70.1]	122.701 [Powers and duties of commissioner of revenue.]
[122.70.2]	122.702 [Powers and duties of commissioner of revenue.]

§ 122.66 [Definitions.]

As used in sections 122.66 to 122.70 of the Revised Code:

(A) "Poverty line" means the poverty line established by the director of management and budgeting in accordance with section 67.01 of the Revised Code, Block Grant Act of 1992.

(B) "Low-income person" means a person whose adjusted gross income is less than the poverty line as defined in section 5747.01 of the Revised Code.

(C) "Advocacy" means the act of supporting, or recommending, the interests of low-income persons.

(D) "Community-based organization" means a community-based and open to the public organization that includes a sufficient number of members to provide a range of services to the measurable and potential causes of poverty in the community where the problem and is designated as an agency by the office of the commissioner of revenue sections 122.68 and 122.69 of the Revised Code.

I of the U.S.A., Inc., and Italian-American War
 ation, the Governor shall appoint four members-at-
 t provided by the Adjutant General, each of whom
 in good and regular standing of a Pennsylvania
 recognized national veterans' organization active in
 ne of whom shall be a female veteran and at least
 of the Vietnam era. The members-at-large shall
 until their successors shall have been appointed.
 appointed by the Governor shall be as follows: one
 er for three years, one member for two years and
 gnated by the Governor.

Chairman and a vice chairman annually at the first
 r October 1. The Director of the Bureau for
 executive secretary to the commission.

Adaptation of the Adjutant General, shall declare a
 member-at-large fails to attend three consecutive
 d shall fill the vacancy for the unexpired term.

On call of the chairman or the Adjutant General,
 shall constitute a quorum.

shall receive no compensation for their services but
 their necessary and proper expenses for their

the Adjutant General and the department on all
 welfare, benefits, employment and support of
 in this Commonwealth and shall perform such
 law.

, No. 55, § 1, effective in 60 days; 1984, Feb. 17,
 0 days.

P.L. 834, No. 275, § 11, effective Jan. 19, 1971.

volume for text of (e)]

shall consist of the Secretary of Health, or in his
 and twelve members, five of whom shall be
 cine or osteopathy in Pennsylvania, one a dentist
 nsylvania, one a pharmacist registered with the
 registered nurse licensed by the State Board of
 neer registered with the State Registration Board
 experienced in sanitary engineering. The Secre-
 dularly authorized deputy, shall be chairman of the

ointed member of the board shall be four years,
 f January of the year in which he takes office, or
 ated and has qualified; except that in the initial
 board, one member shall be appointed for a term
 term of two years, three members for a term of
 r a term of four years.

ner with the Secretary of Health, or in his place
 nstitute a quorum.

oard shall receive actual traveling expenses and
 of \$25.00 a day for time actually devoted to the

5) 1300, § 1.

volume for text of (g)]

75, No. 45, § 6, effective in 90 days.

ume for text of (i) to (k)]

atutes, see Appendix following this Title

(l) The following advisory committees are hereby created:

Advisory Committee for the Blind.

Advisory Committee for General and Special Hospitals,

Advisory Committee for Children and Youth,

Advisory Committee for Public Assistance,

Advisory Committee for Mental Health and Mental Retardation.

Each advisory committee shall consist of the Commissioner in the Department of
 Public Welfare, directing the program to which the advisory committee is attached,
 as an ex officio member, and not less than three (3) nor more than nine (9) members
 appointed by the Governor. In the case of the Advisory Committee for Mental
 Health and Mental Retardation, the committee shall include the Chairman of the
 Public Health and Welfare Committee of the Senate, the Chairman of the Health and
 Welfare Committee of the House of Representatives and the President of the
 Pennsylvania State Association of County Commissioners or his alternate. The
 exact number of members of each advisory committee shall be determined by the
 Governor upon recommendation of the State Board of Public Welfare. The qualifica-
 tions of the members of each advisory committee shall also be determined by the
 Governor upon recommendation of the State Board of Public Welfare: Provided,
 That with respect to each advisory committee, the Governor shall appoint members
 with due regard for representation of the professional and lay groups concerned
 with the fields of interest served by the program to which each advisory committee
 is attached. The term of office of each member of each advisory committee, except
 as herein otherwise provided, shall be six (6) years.

The original appointment of the members of the advisory committee shall be for
 overlapping terms of six (6), four (4) and two (2) years. In making these original
 appointments, the Governor shall, in so far as possible, appoint approximately
 one-third (1/3) of the recommended complement of each advisory board to each of the
 overlapping terms.

A majority of the members of each advisory committee shall constitute a quorum.
 Each advisory committee shall elect a chairman from among its members. Each
 advisory committee shall meet at least (4) times a year. Special meetings of each
 advisory committee shall be held on call of the chairman, and it shall be the duty of
 the chairman to call a special meeting upon the written request of one-third (1/3) or
 more of the members not including vacancies of the advisory committee.

The provisions of clause (k) of this section with respect to filling of vacancies,
 removal of members, length of service, political party office and compensation shall
 be applicable to advisory committee members, and are incorporated herein by
 reference.

As amended 1970, July 9, P.L. 470, No. 161, § 4; 1978, June 20, P.L. 477, No. 70, § 5,
 effective Jan. 1, 1979.

(m) The State Planning Board shall continue as an advisory board in the Govern-
 or's Office and as it is presently constituted as provided in Reorganization Plan No.
 1 of 1955, Session Laws¹ (P.L. 2045),² except that in addition to the other members
 the Secretary of Agriculture and the Secretary of Community Affairs shall be ex
 officio members thereof.

Added 1967, Aug. 11, P.L. 234, § 1.

(n) There is hereby created in the Department of Commerce a Board of the Ben
 Franklin Partnership Fund which shall consist of the Secretaries of Commerce,
 Environmental Resources and Agriculture, the Director of the Governor's Office of
 Policy and Planning and the Executive Director of the Governor's Energy Council or
 their designees, the Chairman of the Milrite Council, four members of the General
 Assembly appointed by the President Pro Tempore of the Senate and the Speaker of
 the House of Representatives with no more than one member of each house from
 each party being appointed, and five additional members to be appointed by the

For Title 71, Consolidated Statutes, see Appendix following this Title

Section 6 of Act 1976, July 9, P.L. 980, No. 197, effective in 60 days, provides as follows:

"(a) Except for personnel, files, records, equipment (including patrol boats) and all appropriations and allocations relating to recreational craft or to the proper maintenance of the Delaware River for use by recreational craft which shall be transferred to the Pennsylvania Fish Commission, all other personnel, allocations, appropriations, agreements, equipment, files, records, classified data files, maps, air photographs, and other material which are used, employed or expended in connection with the duties, powers or vocations transferred by this act or which relate to the administration and enforcement of the act of April 9, 1929 (P.L. 177, No. 175), known as 'The Administrative Code of 1929,' as it relates to the Navigation Commission for the Delaware River and its navigable tributaries are hereby transferred from the Department of Transportation to the Department of Commerce with the same force and effect as if the appropriations had been made to and said items had been the property of the Department of Commerce in the first instance.

"(b) All contracts, agreements, and obligations which were incurred in connection with the powers, duties or vocations transferred by this act or which relate to the administration of the act of April 9, 1929 (P.L. 177, No. 175), known as 'The Administrative Code of 1929,' as it relates to the Navigation Commission for the Delaware River and its navigable tributaries are hereby transferred from the Department of Transportation to the Department of Commerce with the same force and effect as if the said contracts, agreements, and obligations had been incurred or entered into by said Department of Commerce."

§ 670.1. (Adm. Code § 2503-B). Duties and powers of the Board of the Ben Franklin Partnership Fund

(a) The Board of the Ben Franklin Partnership Fund is authorized to promote, stimulate and encourage (i) basic and applied scientific research and development in Pennsylvania and (ii) scientific and technological education in Pennsylvania, which may reasonably be expected to advance the Commonwealth's economic growth and welfare. In addition, the board shall, upon request, provide advice to the Governor and the executive agencies concerning scientific, technological and engineering matters, which relate to the economic growth and the health, safety and welfare of the Commonwealth and its citizens; and may establish advanced technology centers which shall serve as university-based consortiums between business, universities and government to provide advanced technology research and development, training, education and related activities which show significant potential in diversification of Pennsylvania's economy and the State's economic growth.

(b) With the approval of the Governor, the board is authorized to enter into mutually satisfactory contracts, agreements or grants with educational institutions, nonprofit institutions and organizations, business enterprises and other persons concerned with scientific and technological research, and development in the Commonwealth, as well as any State or Federal agency, to foster and support scientific and technological research, development, education and promotion of applied advanced technological activities. The board may, subject to the approval of the Governor, make grants to educational institutions, nonprofit institutions and organizations, and other persons for the same purposes. The board may sponsor and conduct conferences and studies, collect and disseminate information, and issue periodic reports relating to scientific and technological research, development, and

Section 4 of Act 1978, Apr. 28, P.L. 93, No. 43, provides as follows:

"(A) The Anthracite Committee of the Department of Commerce is hereby abolished.

(B) All allocations, appropriations, equipment, files, records, contracts, agreements, obligations, and other material which are used, employed or expended in connection with the powers, duties or functions transferred by this act to the Department of Environmental Resources are hereby transferred to the Department of Environmental Resources with the same force and effect as if the appropriations had been made to and said items had been the property of the Department of Environmental Resources in the first instance and as if said contract, agreements and obligations had been incurred or entered into by said Department of Environmental Resources."

Cross References

Secretary as member of Weather Modification Board, see 3 P.S. § 1103.

Administrative Code References

General provisions, see 13 Pa. Code, § 1.1 et seq.

Notes of Decisions

1. In general

Where legislature has followed a pattern of specifically providing for administration costs for redevelopment purposes and where no reference to same is made in appropriation act, no money from appropriation may be spent for administration expenses. 1960 Op.Atty.Gen. No. 218.

education in the Commonwealth, including grants for Governor's chairs to Pennsylvania colleges and universities in the field of new materials; maintain registers and inventories of scientific and technological personnel and facilities, including but not limited to scientific libraries and data centers. It may receive gifts, grants, bequests or devises from any source, including funds from the Federal government.

(c) The board may enter into a matching grant program, involving consortiums of college or university and private sector organizations for the purposes of establishing, operating and promoting advanced technology centers throughout the Commonwealth. Such centers shall receive no more than fifty per centum (50%) of their financial support from this board. Applicants for funds provided under this section shall secure financial commitments from profit and nonprofit groups and organizations, including the Federal government or local political subdivisions and shall be required to submit applications in accordance with policies and criteria issued by the board. Such centers shall utilize to the extent possible, existing or new private businesses operating or willing to operate in the fields of expertise needed to accomplish the purposes of the center. Eligible purposes which the board may fund under this matching grant program include, but are not limited to:

(1) Development and strengthening of joint research and development efforts including facilities for advanced technologies activities, equipment, personnel, land and related activities, which will lead to new technologies which will create or preserve jobs.

(2) Providing training and curriculum development related to advanced technology in order to provide a skilled work force to secure employment in advanced technology industries.

(3) Technical assistance and technology transfer activities on an areawide or statewide basis to transfer research and development activities into the marketplace.

(4) Assistance through small business incubators, including, but not limited to space, services and technical assistance.

(5) Market development, feasibility studies and other activities related to increasing jobs in advanced technology industries.

(6) Staff support for advanced technology councils or other mechanisms to encourage labor, business, university and governmental linkages in promoting advanced technology industrial diversification.

(7) Facilitate establishment of technology parks, which will serve as locations for facilities devoted to research and development and technology-intensive light manufacturing.

(d) The Ben Franklin Partnership Fund, together with its statutory functions and duties, shall terminate and go out of existence on December 31, 1988, unless reestablished or continued by the General Assembly. Evaluation and review, termination, reestablishment and continuation of the agency shall be conducted pursuant to the provisions of the act of December 22, 1981 (P.L. 508, No. 142), known as the "Sunset Act."

1929, April 9, P.L. 177, art. XXV-B, § 2503-B, added 1968, Jan. 3, P.L. (1967), 922, § 3, effective July 1, 1967. As amended 1982, Dec. 6, P.L. 774, No. 223, § 3, effective July 1, 1982.

¹ Section 1795.1 et seq. of this title.

Section 4 of the act of 1967 set an appropriation to the Department of Commerce. Section 5 provided that it should take effect July 1, 1967.

1982 Amendment: Substantially rewrote subsecs. (a) and (b) and added subsecs. (c) and (d).

Section 4 of Act 1982, Dec. 6, P.L. 774, No. 223, provides as follows:

"(a) All appropriations, personnel and other resources of the Pennsylvania Science and Engineering Foundation shall be transferred to the Board of the Ben Franklin Partnership Fund.

"(b) This act shall not apply to any outstanding contracts or commitments entered into by the Pennsylvania Science and Engineering Foundation, and any procedures, bylaws or regulations of the Pennsylvania Science and Engineering Foundation shall remain in effect and be applicable to the Board of the Ben Franklin Partnership Fund until expressly repealed or modified."

Library References

States 6-67.

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employment

ns approved on or after July 1, unemployment financed with the e which is substantially equal to ct issuance costs. The authority premiums with respect to mort- industrial project located in an area ured pursuant to section 32-16. d mortgages insured during the le to a loan or mortgage, shall age. The authority may rescind ds in its sole judgment that the order to preserve the financial ction shall not apply to any other without limitation application, and attorney's fees, which may ed industrial project.

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(3) Where the borrower or mortgagee is not the operating or producing entity at the facility being financed, the borrower or mortgagee shall be required to enter into an irrevocable agreement with the operating or producing entity containing the above requirements and proof of such agreement shall be provided to the authority before approval of any funds or insurance.

(1981, P.A. 81-384, § 11, eff. June 29, 1981.)

Library References

- Civil Rights ⇐9.10.
C.J.S. Civil Rights § 59 et seq.

§ 32-23s. Interpretation of certain amendments

The amendments to sections 32-11a, 32-16, 32-23c, 32-23d, 32-23e, 32-23f and 32-23j effective on June 29, 1981 are intended and shall be construed as a clarification and expansion of the powers of the Connecticut development authority, and shall not limit or impair any obligation incurred or right exercised by the authority under its powers prior to said date.

(1981, P.A. 81-384, § 12, eff. June 29, 1981.)

CHAPTER 580

CONNECTICUT RESEARCH COMMISSION

§§ 32-24 to 32-31. Repealed. (1973, P.A. 73-599, § 39; 1974, P.A. 74-338, § 62, eff. May 31, 1974.)



CHAPTER 581

CONNECTICUT PRODUCT DEVELOPMENT CORPORATION ACT

Table with 2 columns: Sec. and description. Includes items like Short title, Legislative finding, Definitions, Connecticut Product Development Corporation, Perpetual succession, Board of directors, President, Corporate purpose, Bond issue, Connecticut Product Development Corporation Fund, Bond issue for high technology products, Annual report, State pledge, Powers to be interpreted broadly, Inconsistent provisions of law, Tax exemption, Personal liability of members or persons acting on behalf of the corporation.

§ 32-32

§ 32-32. Short title

This chapter shall be known as and may be cited as the "Connecticut Product Development Corporation Act."

(1972, P.A. 248, § 1, eff. May 10, 1972.)

Notes of Decisions

1. In general

Act establishing Connecticut Product Development Corporation to provide direct financial assistance to state private enterprises contained adequate standards to guide discretion of officers of the corporation in their administration of the program, and thus was not an unconstitu-

tional delegation of legislative authority. *Wilson v. Connecticut Product Development Corp.* (1974) 355 A.2d 72, 167 Conn. 111.

Act establishing Connecticut Product Development Corporation, to provide direct financial assistance to state private enterprises, was not unconstitutional since it served a public purpose. *Id.*

§ 32-33. Legislative finding

It is found and declared that there exists in the state a great and growing need for industrial and commercial development and activity to provide and maintain employment and tax revenues; that assistance and encouragement of industrial and commercial development to provide and maintain such employment and revenues is an important function of the state; that the availability of financial assistance is an important inducement to industrial and commercial enterprises to remain or locate in this state; that there exists in the state a serious shortage of venture capital to promote the development and exploitation of invention and products; that this shortage has resulted and will result in a serious decrease in the development of new business enterprise and job opportunities in Connecticut; and, further, that providing state financial assistance for the development of products, innovation and invention for industry in this state will assist in the creation of new products and industry in this state, resulting in increased employment and public revenues; and therefore the necessity in the public interest and for the public benefit and good for the provisions of this chapter is hereby declared as a matter of legislative determination. It is further found and declared that Connecticut ranks very high among the states on a per capita basis in the amount of prime defense contracts awarded; that the economies of many areas in the state and the employment opportunities offered by many businesses in the state are heavily defense-dependent and would suffer severe adverse impacts in the event of prime defense contract cutbacks; that there exists a great and growing need for assistance to and encouragement of defense-dependent businesses and other businesses and enterprises in finding solutions for the problems related to defense conversion and in executing new technologies which will maintain employment and tax revenues in the event of prime defense contract cutbacks; that assistance and encouragement of defense-dependent businesses and other businesses and enterprises in finding solutions for the problems related to defense conversion and in executing new technologies which will maintain employment and tax revenues in the event of prime defense contract cutbacks is an important function of the state; that the availability of financial assistance is an important inducement to defense-dependent businesses and to other businesses and enterprises to remain or locate in this state and to develop non-defense-related capacities or expand their existing non-defense-related capacities; that there exists in this state a serious shortage of venture capital to promote the development and exploitation of non-defense-related invention and products; that this shortage has resulted and will result in a serious decrease in job opportunities in the event of prime defense contract cutbacks; and, further, that providing state financial assistance for the development of products, innovation and invention for defense conversion by defense-dependent businesses and other businesses and enterprises in this state

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will assist in the creation of dependency of the businesses maintenance of employment and cutbacks; and therefore the need good for the provisions of this determination.

(1972, P.A. 248, § 2, eff. May 10, 1972.)

1980 Amendment

1980, P.A. 80-267, § 1, added the sentence relating to defense contracts.

§ 32-34. Definitions

As used in this chapter, the context clearly indicates an

(1) "Corporation" means the under section 32-35;

(2) "financial aid" means the development and exploitation of

(3) "invention" means any ne patent has or could be granted;

(4) "person" means any indivi business, or proposing to carry

(5) "product" means any pr exploitable commercially; such construed to apply to such p advanced beyond the theoretic reduced to practice;

(6) "venture" means, without whereby the corporation obtain therefrom in exchange for the

(1972, P.A. 248, § 3, eff. May 10, 1972.)

§ 32-35. Connecticut Product

(a) There is hereby created a Development Corporation." Su ty and the exercise by the corp deemed and held to be the perf

(b) The corporation shall be g the governor, at least five of w tions for skill, knowledge and ex invention and one of whom shall serve ex officio pursuant to sec of a member of the board of commissioner of economic dev governor or until a successor is reappointment. The governor s

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will assist in the creation of new products and industry in this state, reducing the dependency of the businesses in this state on defense contracts, and resulting in the maintenance of employment and public revenues in the event of prime defense contract cutbacks; and therefore the necessity in the public interest and for the public benefit and good for the provisions of this chapter is hereby declared as a matter of legislative determination.

(1972, P.A. 248, § 2, eff. May 10, 1972; 1980, P.A. 80-267, § 1.)

1980 Amendment

1980, P.A. 80-267, § 1, added the second sen-
tence relating to defense contracts.

§ 32-34. Definitions

As used in this chapter, the following terms shall have the following meanings unless the context clearly indicates another meaning and intent:

(1) "Corporation" means the Connecticut Product Development Corporation as created under section 32-35;

(2) "financial aid" means the infusion of risk capital to persons for use in the development and exploitation of specific inventions and products;

(3) "invention" means any new process or new technique without regard to whether a patent has or could be granted;

(4) "person" means any individual, partnership, corporation or joint venture carrying on business, or proposing to carry on business, within the state;

(5) "product" means any product, device, technique or process, which is or may be exploitable commercially; such term shall not refer to pure research but shall be construed to apply to such products, devices, techniques or processes which have advanced beyond the theoretic stage and are readily capable of being, or have been, reduced to practice;

(6) "venture" means, without limitation, any contractual arrangement with any person whereby the corporation obtains rights from or in an invention or product or proceeds therefrom in exchange for the granting of financial aid to such person.

(1972, P.A. 248, § 3, eff. May 10, 1972.)

§ 32-35. Connecticut Product Development Corporation

(a) There is hereby created a body corporate to be known as the "Connecticut Product Development Corporation." Such corporation is constituted a quasi-public instrumentality and the exercise by the corporation of the powers conferred in this chapter shall be deemed and held to be the performance of an essential public function.

(b) The corporation shall be governed by a board of seven directors to be appointed by the governor, at least five of whom shall be knowledgeable, and have favorable reputations for skill, knowledge and experience, in the areas of the development of technological invention and one of whom shall be the commissioner of economic development, who shall serve ex officio pursuant to section 32-1c and shall have all of the powers and privileges of a member of the board of directors. The term of each director other than the commissioner of economic development shall be coterminous with the term of the governor or until a successor is chosen, whichever is later. A director shall be eligible for reappointment. The governor shall fill any vacancy for the unexpired term.

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(c) The directors shall annually elect one of their number as chairman and one as secretary. The board may elect such other officers of the board as it deems proper. Members shall receive no compensation for the performance of their duties hereunder but shall be reimbursed for necessary expenses incurred in the performance thereof.

(d) Each director of the corporation before entering upon his duties shall take and subscribe the oath or affirmation required by article eleventh, section 1, of the constitution. A record of each such oath or affirmation shall be filed in the office of the secretary of the state.

(e) The corporation shall be within the department of economic development for administrative purposes only.

(1972, P.A. 248, § 4, eff. May 10, 1972; 1974, P.A. 74-273, § 1, eff. July 1, 1974; 1977, P.A. 77-614, § 288, eff. Jan. 1, 1979; 1979, P.A. 79-560, § 38, eff. July 1, 1979; 1982, P.A. 82-58, § 1, eff. July 1, 1982.)

1974 Amendment

1974, P.A. 74-273, § 1, deleted, from subsec. (b), former second sentence which provided that "On or before May 1, 1972, the governor shall so appoint six members of said board, two to serve for two years, two for four years and two for six years from July 1, 1972."; amended second sentence of subsec. (b) by substituting "July" for "May" following "On or before", by deleting "thereafter" following "even-numbered years", and by deleting "so" following "governor shall"; and by adding subsec. (e).

1977 Amendment

1977, P.A. 77-614, § 288, eff. Jan. 1, 1979, rewrote subsec. (e) which formerly read "(e) The corporation shall be an autonomous body within the department of commerce for fiscal and budgetary purposes only."

1979 Amendment

1979, P.A. 79-560, § 38, eff. July 1, 1979, rewrote subsec. (b) which formerly read:

"(b) The corporation shall be governed by a board of six directors to be appointed by the governor, at least four of whom shall be knowledgeable, and have favorable reputations for skill, knowledge and experience, in the areas of the development of technological invention. On or before July first of the even-numbered years, the governor shall appoint directors to succeed those whose terms expire for terms of six years from July first in the year of their appointment and until their successors have been appointed. A director shall be eligible for reappointment. The governor shall fill any vacancy for the unexpired term."

§ 32-36. Perpetual succession. Termination

The corporation shall have perpetual succession and shall adopt, amend and repeal bylaws and regulations for the conduct of its affairs. Such succession shall continue until

1982 Amendment

1982, P.A. 82-58, § 1, amended subsec. (b) by adding "and one of whom shall be the commissioner of economic development, who shall serve ex officio pursuant to section 32-1c and shall have all of the powers and privileges of a member of the board of directors" following "development of technological invention", and by inserting "other than the commissioner of economic development" following "The term of each director".

1982, P.A. 82-58, § 2, provided:

"This act shall take effect July 1, 1982."

Cross References

Administrative purposes only, definition, see § 4-38f.

Notes of Decisions

1. In general

Act establishing Connecticut Product Development Corporation, to provide direct financial assistance to state private enterprises, was not unconstitutional since it served a public purpose. *Wilson v. Connecticut Product Development Corp.* (1974) 355 A.2d 72, 167 Conn. 111.

Act establishing Connecticut Product Development Corporation to provide direct financial assistance to state private enterprises contained adequate standards to guide discretion of officers of the corporation in their administration of the program, and thus was not an unconstitutional delegation of legislative authority. *Id.*

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the existence of the corporation is affect any outstanding contractual the state shall succeed to the obligation termination of the corporation its (1972, P.A. 248, § 5, eff. May 10, 1972.)

§ 32-37. Board of directors

The powers of the corporation directors. Four members of the board of a majority of the members present sufficient for any action taken by the shall impair the right of a quorum the board. Any action taken by the or special meeting and shall take resolution. Notice of any meeting telephone or orally, not less than five delegate to one or more of its members and duties as it may deem proper.

(1972, P.A. 248, § 6, eff. May 10, 1972.)

§ 32-38. President

The board shall appoint a president board and who shall serve at the pleasure as shall be determined by the and operational officer of the corporation affairs and the general management other employees as shall be designated meetings of the board; keep a record all books, documents and papers filed corporation and of its official seal. other records and documents of the official seal of the corporation to persons dealing with the corporation

(1972, P.A. 248, § 7, eff. May 10, 1972.)

§ 32-39. Corporate purpose; powers

The purpose of the corporation shall be to develop new products within Connecticut innovation in situations in which such available from commercial sources following powers:

(1) To have perpetual succession procedures for the regulation of its section 32-36;

(2) To enter into venture agreements such terms and on such conditions the advancement of financial aid to procedures and techniques, to be

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the existence of the corporation is terminated by law, provided no such termination shall affect any outstanding contractual obligation of the corporation to assist any person and the state shall succeed to the obligations of the corporation under such contract. Upon termination of the corporation its rights and properties shall pass to the state.

(1972, P.A. 248, § 5, eff. May 10, 1972.)

§ 32-37. Board of directors

The powers of the corporation shall be vested in and exercised by the board of directors. Four members of the board shall constitute a quorum and the affirmative vote of a majority of the members present at a meeting of the board shall be necessary and sufficient for any action taken by the board. No vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the board. Any action taken by the board may be authorized by resolution at any regular or special meeting and shall take effect immediately unless otherwise provided in the resolution. Notice of any meeting, whether special or regular, shall be given by telephone or orally, not less than forty-eight hours prior to the meeting. The board may delegate to one or more of its members, or its officers, agents and employees such powers and duties as it may deem proper.

(1972, P.A. 248, § 6, eff. May 10, 1972.)

§ 32-38. President

The board shall appoint a president of the corporation who shall not be a member of the board and who shall serve at the pleasure of the board and shall receive such compensation as shall be determined by the board. The president shall be the chief administrative and operational officer of the corporation and shall direct and supervise administrative affairs and the general management of the corporation. The president may employ such other employees as shall be designated by the board of directors; shall attend all meetings of the board; keep a record of all proceedings and maintain and be custodian of all books, documents and papers filed with the corporation and of the minute book of the corporation and of its official seal. He may cause copies to be made of all minutes and other records and documents of the corporation and may give certificates under the official seal of the corporation to the effect that such copies are true copies, and all persons dealing with the corporation may rely upon such certificates.

(1972, P.A. 248, § 7, eff. May 10, 1972.)

§ 32-39. Corporate purpose; powers

The purpose of the corporation shall be to stimulate and encourage the development of new products within Connecticut by the infusion of financial aid for invention and innovation in situations in which such financial aid would not otherwise be reasonably available from commercial sources, and for this purpose the corporation shall have the following powers:

(1) To have perpetual succession as a body corporate and to adopt bylaws, policies and procedures for the regulation of its affairs and conduct of its businesses as provided in section 32-36;

(2) To enter into venture agreements with persons doing business in Connecticut, upon such terms and on such conditions as are consistent with the purposes of this chapter, for the advancement of financial aid to such persons for the development of specific products, procedures and techniques, to be developed and produced in this state, and to condition

§ 32-39

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such agreements upon contractual assurances that the benefits of increasing or maintaining employment and tax revenues shall remain in this state and shall accrue to it;

(3) To receive and accept aid or contributions from any source of money, property or labor or other things of value, to be held, used and applied to carry out the purposes of this chapter, subject to the conditions upon which such grants and contributions may be made, including but not limited to, gifts or grants from any department or agency of the United States or the state;

(4) With the approval of the secretary of the office of policy and management, to acquire, lease, purchase, manage, hold and dispose of real and personal property in the state of Connecticut and lease, convey or deal in or enter into contracts with respect to such property on any terms necessary or incidental to the carrying out of these purposes; provided, however, that all such acquisitions of real property shall be subject to the provisions of section 4-26b;

(5) To borrow money to the extent permitted under this chapter;

(6) To hold patents, copyrights, trademarks or any other evidences of protection or exclusivity as to any products as defined herein, issued under the laws of the United States or any state or any nation;

(7) To employ such assistants, agents and other employees, who shall be state employees in the unclassified service, and to engage consultants, attorneys and appraisers as may be necessary or desirable to carry out its purposes in accordance with this chapter;

(8) To make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this chapter;

(9) To sue and be sued, plead and be impleaded, adopt a seal and alter the same at pleasure;

(10) With the approval of the state treasurer, to invest any funds not needed for immediate use or disbursement, including any funds held in reserve, in obligations issued or guaranteed by the United States of America or the state of Connecticut and in other obligations which are legal investments for savings banks in this state, provided that the provisions of subsection (14) of section 36-96 shall not be applicable to any investment in such obligations;

(11) To procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable;

(12) To the extent permitted under its contract with other persons, to consent to any termination, modification, forgiveness or other change of any term of any contractual right, payment, royalty, contract or agreement of any kind to which the corporation is a party;

(13) To do anything necessary and convenient to render the bonds to be issued under section 32-41 more marketable;

(14) To do all acts and things necessary and convenient to carry out the purposes of this chapter.

(1972, P.A. 248, § 8, eff. May 10, 1972; 1975, P.A. 75-425, § 55, eff. July 1, 1975; 1977, P.A. 77-614, § 19, eff. Oct. 1, 1977; 1979, P.A. 79-231; 1979, P.A. 79-233, § 8; 1980, P.A. 80-267, § 2; 1980, P.A. 80-483, § 99, eff. June 6, 1980.)

1975 Amendment

1975, P.A. 75-425, § 55, added, to subd. (4), the proviso.

1977 Amendment

1977, P.A. 77-614, § 19, provided for change of term from "commissioner of finance and con-

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trol" to "secretary of the office of management".

1979 Amendments

1979, P.A. 79-231 included, in s. attorneys".

1979, P.A. 79-233, § 8, added, at subd. (10), the proviso following "l. ments for savings banks in this state

§ 32-40. Applications for financial

All applications for financial as prescribed by the corporation, to preparing necessary records for staff of the corporation, for an approving the proposed financial deemed relevant by the corporation not be limited to, such facts about standards, job opportunities, state defense contracts, past and present statements, present and future as the feasibility of the proposal including the state of development commercial feasibility. After receiving other action as is deemed appropriate. The applicant shall be preparing the decision as to approval priority to those persons (a) who municipalities which the commission defense contract cutbacks pursuant invention is to be used to convert related industrial or commercial or commercial business. For purposes any business that derives over operations within the state, from into in connection with prime defense and equipment are designed specifically to nondefense uses without sub (1972, P.A. 248, § 9, eff. May 10, 1972)

1977 Amendment

1977, P.A. 77-77 deleted the form ence which read, "Such approval shall tioned upon payment to the corporation such reasonable time after notification approval as may be specified by the corporation a commitment fee prescribed by this tion."

§ 32-41. Bond issue

The state bond commission section 3-20 to authorize the issuance

benefits of increasing or maintain-
 is state and shall accrue to it;
 ny source of money, property or
 lied to carry out the purposes of
 grants and contributions may be
 any department or agency of the

e of policy and management, to
 eal and personal property in the
 er into contracts with respect to
 e carrying out of these purposes;
 roperty shall be subject to the

his chapter;

other evidences of protection or
 d under the laws of the United

oyees, who shall be state employ-
 nts, attorneys and appraisers as
 in accordance with this chapter;
 nts necessary or incidental to the
 rs under this chapter;

pt a seal and alter the same at

vest any funds not needed for
 l in reserve, in obligations issued
 tate of Connecticut and in other
 s in this state, provided that the
 e applicable to any investment in

tion with its property and other
 ems desirable;

other persons, to consent to any
 of any term of any contractual
 ind to which the corporation is a

er the bonds to be issued under

nt to carry out the purposes of

eff. July 1, 1975; 1977, P.A. 77-614,
 8; 1980, P.A. 80-267, § 2; 1980, P.A.

ment
 77-614, § 19, provided for change
 n "commissioner of finance and con-

trol" to "secretary of the office of policy and
 management".

1979 Amendments

1979, P.A. 79-231 included, in subd. (7), "
 attorneys".

1979, P.A. 79-233, § 8, added, at the end of
 subd. (10), the proviso following "legal invest-
 ments for savings banks in this state."

1980 Amendments

1980, P.A. 80-267, § 2, inserted, in subd. (2),
 "or maintaining" following "benefits of increas-
 ing".

1980, P.A. 80-483, § 99, substituted, in subd.
 (10), the reference to "(14)" for "14b" following
 "the provisions of subsection".

§ 32-40. Applications for financial aid

All applications for financial aid shall be forwarded, together with an application fee prescribed by the corporation, to the president of the corporation. The president, after preparing necessary records for the corporation, shall forward each application to the staff of the corporation, for an investigation and report concerning the advisability of approving the proposed financial aid for such company and concerning any other factors deemed relevant by the corporation. Such investigation and report shall include, but shall not be limited to, such facts about the company under consideration as its history, wage standards, job opportunities, stability of employment, the extent of its dependency on defense contracts, past and present financial condition and structure, pro-forma income statements, present and future markets and prospects, integrity of management as well as the feasibility of the proposed product and invention to be granted financial aid, including the state of development of such product as well as the likelihood of its commercial feasibility. After receipt and consideration of the above report and after such other action as is deemed appropriate, the corporation shall approve or deny the application. The applicant shall be promptly notified of such action by the corporation. In making the decision as to approval or denial of an application, the corporation shall give priority to those persons (a) whose businesses are defense-dependent, or are located in municipalities which the commissioner has declared have been severely impacted by prime defense contract cutbacks pursuant to section 32-56, and (b) whose proposed product or invention is to be used to convert all or a portion of such person's business to non-defense-related industrial or commercial activity, or to create a new non-defense-related industrial or commercial business. For purposes of this section, a defense-dependent business is any business that derives over fifty per cent of its gross income, generated from operations within the state, from prime defense contracts or from subcontracts entered into in connection with prime defense contracts, a significant portion of whose facilities and equipment are designed specifically for defense production and cannot be converted to nondefense uses without substantial investment.

(1972, P.A. 248, § 9, eff. May 10, 1972; 1977, P.A. 77-77; 1980, P.A. 80-267, § 3.)

1977 Amendment

1977, P.A. 77-77 deleted the former last sentence which read, "Such approval shall be conditioned upon payment to the corporation, within such reasonable time after notification of approval as may be specified by the corporation, of a commitment fee prescribed by the corporation."

1980 Amendment

1980, P.A. 80-267, § 3, inserted, in the third sentence, "the extent of its dependency on defense contracts," following "stability of employment,"; and added the sixth and seventh sentences.

Library References

Words and Phrases (Perm. Ed.)

§ 32-41. Bond issue

The state bond commission shall have power in accordance with the provisions of section 3-20 to authorize the issuance of bonds of the state in one or more series and in

§ 32-41

PRODUCT DEVELOPMENT CORP.

principal amounts not exceeding in the aggregate thirteen million dollars to carry out the purposes of sections 32-32 to 32-41, inclusive. The principal and interest of said bonds shall be payable at such place or places as may be determined by the state treasurer and shall bear such date or dates, mature at such time or times, bear interest at such rate or different or varying rates, be payable at such time or times, be in such denominations, be in such form with or without interest coupons attached, carry such registration and transfer privileges, be payable in such medium of payment and be subject to such terms of redemption with or without premium as, irrespective of the provisions of said sections 3-20, may be provided by the authorization of the state bond commission or fixed in accordance therewith. The proceeds of the sale of such bonds, after deducting therefrom all expenses of issuance and sale, shall be paid to the "Connecticut Product Development Corporation Fund". When the state bond commission has acted to issue such bonds or a portion thereof, the treasurer may, pending the issue of such bonds, issue, in the name of the state, temporary notes in anticipation of the money to be received from the sale of such bonds. In issuing the bonds authorized hereunder, the state bond commission may require repayment of such bonds by the corporation as shall seem desirable consistent with the purposes of sections 32-32 to 32-41, inclusive. Such terms for repayment may include a forgiveness of interest, a holiday in the repayment of interest or principal or both.

(1972, P.A. 248, § 10, eff. May 10, 1972; 1979, P.A. 79-476, § 2; 1982, P.A. 82-369, § 15, eff. July 1, 1982; 1983, P.A. 83-492, § 8, eff. July 1, 1983; 1984, P.A. 84-443, § 12, eff. July 1, 1984.)

1979 Amendment

1979, P.A. 79-476, § 2, substituted, at the end of the third sentence, "Connecticut Product Development Corporation Fund" for "corporation".

1982 Amendment

1982, P.A. 82-369, § 15, eff. July 1, 1983, substituted, in the first sentence, "seven" million dollars for "six" following "exceeding in the aggregate".

1983 Amendment

1983, P.A. 83-492, § 8, eff. July 1, 1983, increased the authorized aggregate amount from

seven million dollars to eleven million dollars, and substituted "sections 32-32 to 32-41, inclusive" for "this chapter" in the first and next to last sentences.

1984 Amendment

1984, P.A. 84-443, § 12, eff. July 1, 1984, substituted "thirteen million dollars" for "eleven million dollars" in the first sentence.

1984, P.A. 84-443, § 20, provides:

"This act shall take effect July 1, 1984, except section 10 shall take effect October 1, 1984."

§ 32-41a. Connecticut Product Development Corporation Fund. Use of funds or revenues of the corporation

(a) There is hereby created a "Connecticut Product Development Corporation Fund." Proceeds from the sale of bonds authorized by the state bond commission in accordance with section 32-41 and section 32-41b shall be paid directly to the treasurer of the state as agent of the corporation and the treasurer shall deposit all such amounts in the Connecticut Product Development Corporation Fund. The moneys in said fund shall be paid by checks signed by the treasurer of the state or by his deputy appointed pursuant to section 3-12 on requisition of the president of the corporation or his designee.

(b) Any funds or revenues of the Connecticut product development corporation derived from application fees, royalty payments, investment income and loan repayments received by the corporation in connection with its development and loan programs shall be held, administered and invested by the corporation or deposited with and invested by such institution, trustee, fiduciary or other custodian as may be designated by the corporation and paid as the corporation shall direct. All moneys in such accounts shall be held,

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invested, used and applied to or may make payments from such Connecticut product development (c) of this section.

(c) The moneys in the Connecticut purposes of the corporation may be required by the state bond commission 32-41b.

(1979, P.A. 79-476, § 1; 1983, P.A. 1984.)

1983 Amendment

1983, P.A. 83-492, § 10, eff. inserted "and section 9 of public where that term appears throughout

1984 Amendment

1984, P.A. 84-408, § 1, eff. July ed the subsection designation "(a) moneys of the corporation, includes" and inserted "Proceeds" at of the second sentence, deleted "the other income of the corporation de exercise of any power granted to t under this chapter." following "section inserted "public act 83-492", insert transposed and set out the fourth

§ 32-41b. Bond issue for high

The state bond commission section 3-20 to authorize the principal amounts not exceeding thirteen million dollars to carry out the purposes and marketing of products in the million five hundred thousand development costs of high technology four million dollars. The principal place or places as may be determined, mature at such time or rates, be payable at such time without interest coupons attached payable in such medium of payment without premium as, irrespective by the authorization of the state proceeds of the sale of said bonds sale, shall be paid to the "Connecticut state bond commission and the treasurer may, pending the issue of such bonds, issue temporary notes in anticipation of the money to be received from the sale of such bonds by the corporation as shall seem desirable consistent with the purposes of this section and include a forgiveness of interest, a holiday in the repayment of interest or principal or both." (1983, P.A. 83-492, § 9, eff. July

ten million dollars to carry out the principal and interest of said bonds determined by the state treasurer and bonds, bear interest at such rate or terms, be in such denominations, be registered, carry such registration and be subject to such terms of the provisions of said sections of the state bond commission or fixed in said bonds, after deducting therefrom the Connecticut Product Development Corporation Fund. Use of funds or the Connecticut Product Development Corporation Fund." The bond commission in accordance with the provisions of said section 3-20, may be provided by the authorization of the state bond commission or fixed in accordance therewith. The proceeds of the sale of said bonds, after deducting therefrom all expenses of issuance and sale, shall be paid to the "Connecticut Product Development Corporation Fund". When the state bond commission has acted to issue such bonds or a portion thereof, the treasurer may, pending the issue of such bonds, issue, in the name of the state, temporary notes in anticipation of the money to be received from the sale of such bonds. In issuing the bonds authorized hereunder, the state bond commission may require repayment of such bonds by the corporation as shall seem desirable consistent with the purposes of this section and section 32-41a. Such terms for repayment may include a forgiveness of interest, a holiday in the repayment of interest or principal or both.

1982, P.A. 82-369, § 15, eff. July 1, 1984; 1984, P.A. 84-443, § 12, eff. July 1, 1984.)

on dollars to eleven million dollars, amended "sections 32-32 to 32-41, including this chapter" in the first and next to last sentences.

Amendment

1984, P.A. 84-443, § 12, eff. July 1, 1984, amended "thirteen million dollars" for "eleven million dollars" in the first sentence.

1984, P.A. 84-443, § 20, provides:

"This act shall take effect July 1, 1984, except that section 32-41b shall take effect October 1, 1984."

Connecticut Product Development Corporation Fund. Use of funds or

Development Corporation Fund." The bond commission in accordance with the provisions of said section 3-20, may be provided by the authorization of the state bond commission or fixed in accordance therewith. The proceeds of the sale of said bonds, after deducting therefrom all expenses of issuance and sale, shall be paid to the "Connecticut Product Development Corporation Fund". When the state bond commission has acted to issue such bonds or a portion thereof, the treasurer may, pending the issue of such bonds, issue, in the name of the state, temporary notes in anticipation of the money to be received from the sale of such bonds. In issuing the bonds authorized hereunder, the state bond commission may require repayment of such bonds by the corporation as shall seem desirable consistent with the purposes of this section and section 32-41a. Such terms for repayment may include a forgiveness of interest, a holiday in the repayment of interest or principal or both.

development corporation derived from the sale of such bonds and loan repayments received from such accounts shall be held, deposited with and invested by such bonds, after deducting therefrom the Connecticut Product Development Corporation Fund. Use of funds or the Connecticut Product Development Corporation Fund." The bond commission in accordance with the provisions of said section 3-20, may be provided by the authorization of the state bond commission or fixed in accordance therewith. The proceeds of the sale of said bonds, after deducting therefrom all expenses of issuance and sale, shall be paid to the "Connecticut Product Development Corporation Fund". When the state bond commission has acted to issue such bonds or a portion thereof, the treasurer may, pending the issue of such bonds, issue, in the name of the state, temporary notes in anticipation of the money to be received from the sale of such bonds. In issuing the bonds authorized hereunder, the state bond commission may require repayment of such bonds by the corporation as shall seem desirable consistent with the purposes of this section and section 32-41a. Such terms for repayment may include a forgiveness of interest, a holiday in the repayment of interest or principal or both.

invested, used and applied to carry out the purposes of the corporation. The corporation may make payments from such accounts to the treasurer of the state for deposit in the Connecticut product development corporation fund for use in accordance with subsection (c) of this section.

(c) The moneys in the Connecticut product development fund shall be used to carry out the purposes of the corporation and for the repayment of state bonds in such amounts as may be required by the state bond commission pursuant to said section 32-41 and section 32-41b.

(1979, P.A. 79-476, § 1; 1983, P.A. 83-492, § 10, eff. July 1, 1983; 1984, P.A. 84-408, § 1, eff. July 1, 1984.)

1983 Amendment

1983, P.A. 83-492, § 10, eff. July 1, 1983, inserted "and section 9 of public act 83-492" where that term appears throughout the section.

1984 Amendment

1984, P.A. 84-408, § 1, eff. July 1, 1984, inserted the subsection designation "(a)", deleted "All moneys of the corporation, including the proceeds" and inserted "Proceeds" at the beginning of the second sentence, deleted "this act and all other income of the corporation derived from the exercise of any power granted to the corporation under this chapter," following "section 9 of" and inserted "public act 83-492", inserted subsec. (b), transposed and set out the fourth sentence of

the section as formerly written as subsec. (c), and substituted "the Connecticut product development fund" for "said fund", inserted "to carry out the purposes of the corporation and", deleted "this act and any amount in excess of that necessary for any repayment which may be used to carry out any of the powers of the corporation enumerated in section 32-39 and section 9 of this act, including payment of administrative and overhead costs" following "said section 32-41 and section 9 of" and inserted "public act 83-492".

1984, P.A. 84-408, § 2, provides:

"This act shall take effect July 1, 1984."

§ 32-41b. Bond issue for high technology products

The state bond commission shall have power in accordance with the provisions of section 3-20 to authorize the issuance of bonds of the state in one or more series and in principal amounts not exceeding in the aggregate five million five hundred thousand dollars to carry out the purposes of this section as follows: (a) loans for the development and marketing of products in the high technology field within the state, not exceeding one million five hundred thousand dollars; (b) royalty financing for start-up costs and product development costs of high technology products and procedures in the state, not exceeding four million dollars. The principal and interest of said bonds shall be payable at such place or places as may be determined by the state treasurer and shall bear such date or dates, mature at such time or times, bear interest at such rate or different or varying rates, be payable at such time or times, be in such denominations, be in such form with or without interest coupons attached, carry such registration and transfer privileges, be payable in such medium of payment and be subject to such terms of redemption with or without premium as, irrespective of the provisions of said section 3-20, may be provided by the authorization of the state bond commission or fixed in accordance therewith. The proceeds of the sale of said bonds, after deducting therefrom all expenses of issuance and sale, shall be paid to the "Connecticut Product Development Corporation Fund". When the state bond commission has acted to issue such bonds or a portion thereof, the treasurer may, pending the issue of such bonds, issue, in the name of the state, temporary notes in anticipation of the money to be received from the sale of such bonds. In issuing the bonds authorized hereunder, the state bond commission may require repayment of such bonds by the corporation as shall seem desirable consistent with the purposes of this section and section 32-41a. Such terms for repayment may include a forgiveness of interest, a holiday in the repayment of interest or principal or both.

(1983, P.A. 83-492, § 9, eff. July 1, 1983; 1984, P.A. 84-443, § 13, eff. July 1, 1984.)

ntence, and substituting "this section 32-41a" for "this act" in the fifth

l. 84-443, § 20, provides:

shall take effect July 1, 1984, except shall take effect October 1, 1984."

l report on its operations for the shall include a summary of the g and financial statement. The e treasurer. The accounts of the tate auditors of public accounts.

gree with any person with whom e provisions of this chapter that ed in the corporation until such and performed on the part of the lude such limitation or alteration ection of such persons entering

erpreted broadly to effectuate the tion of powers.

nconsistent with the provisions of provisions of this chapter shall be

empt from all franchise, corporate nothing herein shall be construed s levied in connection with the ect of any agreement made by the ith the corporation.

ting on behalf of the corporation evelopment Corporation nor any ng any notes, bonds, contracts,

agreements or other obligations issued pursuant to this chapter shall be liable personally on such notes, bonds, contracts, agreements or obligations, or be subject to any personal liability or accountability by reason of the issuance thereof.

(b) No director shall be personally liable for damage or injury, not wanton or wilful, caused in the performance of his duties and within the scope of his employment. Any person having a complaint for such damage or injury shall present it as a claim against the state under the provisions of chapter 53.

(1978, P.A. 78-357, § 15, eff. July 1, 1978; 1979, P.A. 79-333.)

1979 Amendment

1979, P.A. 79-333 designated former section as subsec. (a); and added subsec. (b).

CHAPTER 582

SURETY BOND GUARANTEE PROGRAM FOR SMALL CONTRACTORS

Sec.		Sec.	
32-48.	Definitions.	32-52.	Fees.
32-49.	Guarantee of surety. Eligibility.	32-53.	Small contractors' surety bond guaran- tee fund.
32-50.	Limits of guarantee.	32-54.	Bonds.
32-51.	Subordination of working capital loans.	32-55.	Regulations.

§ 32-48. Definitions.

As used in this chapter the following words and terms have the following meanings:

(a) "Bid bond" means a bond conditioned upon the bidder on a contract entering into the contract, if he receives the award thereof, and furnishing the prescribed payment bond and performance bond.

(b) "Performance bond" means a bond conditioned upon the completion by the principal of a contract in accordance with its terms.

(c) "Payment bond" means a bond conditioned upon the payment by the principal of money due to persons under a contract with the principal.

(d) "Surety" means the person who: (1) Under the terms of a bid bond, undertakes to pay a sum of money to the obligee in the event the principal breaches the conditions of the bond; (2) under the terms of a performance bond, undertakes to incur the cost of fulfilling the terms of a contract in the event the principal breaches the conditions of the contract; or (3) under the terms of a payment bond, undertakes to make payment to all persons supplying labor and material in the prosecution of the work provided for in the contract if the principal fails to make prompt payment.

(e) "Obligee" means: (1) In the case of a bid bond, the person requesting bids for the performance of a contract; or (2) in the case of a performance bond or a payment bond, the person who has contracted with a principal for the completion of the contract and to whom the obligation of the surety runs in the event of a breach by the principal of the conditions of a performance bond or a payment bond.

(3) the governor has certified to the secretary of state that all requirements set forth in this chapter for the corporation have been satisfied.

Notice of the hearing under subdivision (2) must be given at least fourteen (14) days before the hearing in accordance with IC 5-14-1.5-5(b).

Sec. 4. (a) The articles of incorporation or bylaws of the corporation, as appropriate, must provide that:

(1) the exclusive purpose of the corporation is to contribute to the strengthening of the economy of the state by:

(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; and

(C) educating and assisting all parties involved in improving the long range vitality of the state's economy;

(2) the board must include:

(A) the governor;

(B) the lieutenant governor;

(C) the chief operating officer of the corporation; and

(D) additional persons appointed by the governor, who are actively engaged in Indiana in private enterprise, organized labor, state or local governmental agencies, and education, and who represent the diverse economic and regional interests throughout Indiana;

(3) the governor shall serve as chairman of the board of the corporation, and the lieutenant governor shall serve as the chief executive officer of the corporation;

(4) the governor shall appoint as vice chairman of the board a member of the board engaged in private enterprise;

(5) the lieutenant governor shall be responsible as chief executive officer for overseeing implementation of the state's economic development plan as articulated by the corporation and shall oversee the activities of the corporation's chief operating officer;

(6) the governor may appoint an executive committee composed of members of the board (size and structure of the executive committee shall be set by the articles and bylaws of the corporation);

the corporation may receive funds from any source and may expend funds for any activities necessary, convenient, or expedient to carry out its purposes;

(8) any amendments to the articles of incorporation or bylaws of the corporation must be approved by the governor;

(9) the corporation shall submit an annual report to the governor and to the Indiana general assembly on or before the first day of November for each year;

(10) the corporation shall conduct an annual public hearing to receive comment from interested parties regarding the annual report, and notice of the hearing shall be given at least fourteen (14) days prior to the hearing in accordance with IC 5-14-1.5-5(b); and

(11) the corporation is subject to an annual audit by the state board of accounts, and the corporation shall bear the full costs of this audit.

(b) The corporation may perform other acts and things necessary, convenient, or expedient to carry out the purposes identified in this section, and it has all rights, powers, and privileges granted to corporations by IC 23-7-1.1 and by common law.

Sec. 5. The corporation, after being certified by the governor under section 3 of this chapter, may, in furtherance of its purposes described in section 4(a)(1) of this chapter, engage in the following activities:

(1) 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;

(2) establish and coordinate the operation of programs commonly available to all citizens of Indiana to implement a strategic plan for the state's economic development and enhance the general welfare; and

(3) 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.

Sec. 6. Any debt incurred by the corporation under authority of this chapter does not represent or constitute a debt of the state within the meaning of the constitution or statutes of the state.

Sec. 7. The certification by the governor under section 3 of this chapter remains in effect until the general assembly provides by law for termination of the designation.

SECTION 2. Because an emergency exists, this act takes effect upon passage.

Approved April 18, 1985.

§§ 28.67 to 28.80



EXECUTIVE DEPARTMENT

28.67 to 28.80. Reserved

~~DIVISION VIII IOWA PRODUCT DEVELOPMENT CORPORATION~~

28.81. Title

This division may be cited as the "Iowa Product Development Corporation Act". Acts 1983 (70 G.A.) ch. 207, § 19, eff. June 25, 1983.

Editorial Notes

Iowa Administrative Code

Reference in this section to "this division" means §§ 28.81 to 28.94.

Product Development Corporation; organization and operation; fund, 642-1.1 et seq., IAC.

28.82. Definitions

As used in this division unless the context otherwise requires:

1. "Corporation" means the Iowa product development corporation.
2. "Financial aid" means the infusion of risk capital to persons for use in the development and exploitation of specific inventions and products.
3. "Invention" means a new process or new technique without regard to whether a patent has or could be granted.
4. "Product" means a product, device, technique, or process which is exploitable commercially. The term does not mean a product in a pure research stage of development but applies to a product, device, technique, or process which has advanced beyond the theoretic stage and is readily capable of being reduced to practice.
5. "Venture" means a contractual arrangement between a person and the corporation from which the corporation obtains rights, from or in an invention, product, or the proceeds from the product or invention in exchange for granting financial aid to the person.
6. "Board" means the board of directors of the Iowa product development corporation.
7. "President" means the president of the Iowa product development corporation.

Acts 1983 (70 G.A.) ch. 207, § 20, eff. June 25, 1983.

Editorial Note:

Reference in this section to "this division" means §§ 28.81 to 28.94.

28.83. Product development corporation

1. There is created a corporate body called the "Iowa product development corporation". The corporation is a quasi-public instrumentality and the exercise of the powers granted to the corporation in this division is an essential governmental function.

2. The corporation shall be governed by a board of seven directors who shall serve a term of four years. Each term shall begin and end as provided in section 69.19. No more than a simple majority of the members of the board shall belong to the same political party as provided in section 69.16. Each director shall serve at the pleasure of the governor and shall be appointed by the governor, subject to confirmation by the senate. A director is eligible for reappointment. A vacancy on the board of directors shall be filled in the same manner as an original appointment. For the initial appointments to the board of directors, the governor shall appoint three members whose terms shall commence upon appointment and shall expire April 30, 1985, and four members whose terms shall commence upon appointment and shall expire April 30, 1987.

3. The board of directors shall annually elect one member as chairperson and one member as secretary. The board may elect other officers of the corporation as necessary. Members are entitled to receive forty dollars per diem for each day spent in performance

IOWA DEVELOPMENT

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Acts 1983 (70 G.A.) ch. 207

Editorial Note:

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means §§ 28.81 to 28.94.

1984 Amendment: Adde
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28.84. Perpetual succe

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Acts 1983 (70 G.A.) ch. 207

28.85. Board of directo

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Acts 1983 (70 G.A.) ch. 207,

1984 Amendment: Substi
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28.86. President

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president shall keep a re
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Acts 1983 (70 G.A.) ch. 207,

1984 Amendment: Adde
providing: "The president is

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of duties and shall be reimbursed for necessary expenses incurred in the performance of duties from funds appropriated to the Iowa development commission.

4. Each director of the corporation shall take an oath of office and the record of each oath shall be filed in the office of the secretary of state.

5. The corporation shall receive information and cooperate with other agencies of the state and the political subdivisions of the state.

6. The corporation shall be a part of the Iowa development commission for administrative purposes only.

Acts 1983 (70 G.A.) ch. 207, § 21, eff. June 25, 1983. Amended by Acts 1984 (70 G.A.) ch. 1164, § 1.

Editorial Note:

Reference in this section to "this division" means §§ 28.81 to 28.94.

1984 Amendment: Added provision of subsec. 3 that members are entitled to receive per diem

for each day spent in performance of duties and struck provision that members "shall not receive compensation but".

28.84. Perpetual succession

The corporation has perpetual succession. The succession shall continue until the existence of the corporation is terminated by law. The termination of the corporation shall not affect an outstanding contractual obligation of the corporation to assist a person. In the event of the termination of the corporation, the contractual obligation to assist the person succeeds to the state and the rights and properties of the corporation shall pass to the state. However, debts or other financial obligations of the corporation do not succeed to the state upon termination of the corporation.

Acts 1983 (70 G.A.) ch. 207, § 22, eff. June 25, 1983.

28.85. Board of directors

The powers of the corporation are vested in and shall be exercised by the board of directors. Four members of the board constitute a quorum and an affirmative vote of at least four of the members present at a meeting is necessary before an action may be taken by the board. An action taken by the board shall be authorized by resolution at a regular or special meeting and takes effect immediately unless the resolution specifies otherwise. Notice of a meeting shall be given orally or in writing not less than forty-eight hours prior to the meeting.

Acts 1983 (70 G.A.) ch. 207, § 23, eff. June 25, 1983. Amended by Acts 1984 (70 G.A.) ch. 1079, § 1.

1984 Amendment: Substituted "at least four" for "the majority".

28.86. President

The board of directors shall appoint a president of the corporation who shall serve at the pleasure of the board and shall receive the compensation determined by the board. The president is a state employee. The president shall not be a member of the board. The president is the chief administrative and operational officer of the corporation and shall direct and supervise the administrative affairs and the general management of the corporation. The president may employ other employees as designated by the board. The president shall provide copies of all minutes, documents, and other records of the corporation and shall provide a certificate which attests to truthfulness of the copies, if requested. Persons dealing with the corporation may rely upon the certificates. The president shall keep a record of all proceedings, documents, and papers filed with the corporation.

Acts 1983 (70 G.A.) ch. 207, § 24, eff. June 25, 1983. Amended by Acts 1984 (70 G.A.) ch. 1164, § 2.

1984 Amendment: Added second sentence providing: "The president is a state employee".

§ 28.87

EXECUTIVE DEPARTMENT

28.87. Corporate purpose—powers

The purpose of the corporation is to stimulate and encourage the development of new products within Iowa by the infusion of financial aid for invention and innovation in situations in which financial aid would not otherwise be reasonably available from commercial sources. For this purpose the corporation has the following powers:

1. To have perpetual succession as a corporate body and to adopt bylaws, policies, and procedures for the regulation of its affairs and conduct of its business.
2. To enter into venture agreements with persons doing business in Iowa upon conditions and terms which are consistent with the purposes of this division for the advancement of financial aid to the persons. The financial aid advanced shall be for the development of specific products, procedures, and techniques which are to be developed and produced in this state. The corporation shall condition the agreements upon contractual assurances that the benefits of increasing or maintaining employment and tax revenues shall remain in Iowa.
3. To receive and accept aid or contributions from a source of money, property, labor, or other things of value to be used to carry out the purposes of this division including gifts or grants from a department or agency of the United States or any state.
4. With approval of the director of the department of general services to acquire, lease, purchase, manage, hold, and dispose of real and personal property and to lease, convey, or enter into contracts with respect to such property provided that all acquisitions of real property shall be as required by law.
5. To issue notes and bonds as provided under this division.
6. To hold patents, copyrights, trademarks, or other evidences of protection or exclusivity issued under the laws of this state or the United States to any products.
7. To employ assistants, agents, and other employees who shall be state employees and to engage consultants, attorneys, and appraisers as necessary or desirable to carry out the purposes of the corporation.
8. To make and enter into contracts and agreements necessary or incidental to its performance of the duties and the powers granted to the corporation.
9. To sue and be sued, plead, and adopt a seal.
10. With the approval of the treasurer of state, to invest funds which are not needed for immediate use or disbursement, including funds held in reserve, in obligations issued or guaranteed by the state or the United States.
11. To procure insurance against a loss in connection with its property and other assets.
12. To the extent permitted under a corporation contract with other persons, to consent to a termination, modification, forgiveness, or other change in the terms of a contractual right, payment, royalty, contract, or agreement.
13. To take necessary action to render bonds issued under this division more marketable.

Acts 1983 (70 G.A.) ch. 207, § 25, eff. June 25, 1983.

Editorial Note:

Reference in this section to "this division" means §§ 28.81 to 28.94.

28.88. Applications for financial aid

1. Applications for financial aid shall be forwarded, together with an application fee prescribed by the corporation, to the president of the corporation. The president, after preparing the necessary records for the corporation, shall forward each application to the staff of the corporation, for an investigation and report concerning the advisability of approving the financial aid for the company and concerning any other factors found

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relevant by the corporation. The to the following:

- a. The history of the applicant's employment.
 - b. The extent of the applicant's employment.
 - c. The applicant's past, present, and future employment.
 - d. The applicant's pro-forma financial statements.
 - e. The present and future management of the applicant's business.
 - f. The feasibility of the proposed project and the integrity of management.
 - g. The state of the project's progress.
2. After receipt and consideration of the application, if the corporation finds necessary, the corporation shall promptly notify an applicant of the reasons for denial. The corporation shall give priority to applications for projects related or whose business is located in areas severely adversely affected by drought or invention is to be used to convert agricultural or commercial activity to industrial or commercial activity.
3. Notwithstanding the requirements of chapter 22, relating to examination of confidential items, the corporation shall specifically requested to be held confidential until the applicant says otherwise to be held confidential.

Acts 1983 (70 G.A.) ch. 207, § 26, eff. June 25, 1983.

1984 Amendment: Added subsec. 3 relating to confidentiality of items on the application.

28.89. Iowa product development fund

There is created an "Iowa product development fund" corporation including the proceeds of the corporation. Any funds appropriated to the fund shall be paid into the Iowa product development fund. The money in the Iowa product development fund shall be used in the order of the person authorized to receive the fund under this division and the extension of the fund to the division, and the amount remaining in the fund and overhead costs of the corporation shall be used for the purposes of § 8.33, no part of this fund shall be used for the purposes of this division. The board of directors shall recommend appropriations by recommending the amount of revenue available to the board of directors.

Acts 1983 (70 G.A.) ch. 207, § 27, eff. June 25, 1983.
Acts 1984 (70 G.A.) ch. 1164, § 4; Act

relevant by the corporation. The investigation and report shall include but are not limited to the following:

- a. The history of the applicant, its wage standards, job opportunities, and stability of employment.
- b. The extent of the applicant's dependence on agriculture.
- c. The applicant's past, present and future financial condition and structure.
- d. The applicant's pro-forma income statements.
- e. The present and future market prospects for the product.
- f. The feasibility of the proposed project or invention to be given financial aid and the integrity of management.
- g. The state of the project's development.

2. After receipt and consideration of the report and any other action the corporation finds necessary, the corporation shall approve or deny the application. The president shall promptly notify an applicant by certified mail of the disposition of its application. The corporation shall give priority to those applicants whose business is agriculture related or whose business is located in an area which the corporation determines has been severely adversely affected by depressed agricultural prices and whose proposed product or invention is to be used to convert all or a portion of the business to nonagriculture-related industrial or commercial activity or to create a new nonagriculture-related industrial or commercial business.

3. Notwithstanding the requirements of chapter 21, relating to open meetings, and chapter 22, relating to examination of public records, the corporation shall keep as confidential those items on the application for financial aid that the applicant has specifically requested to be held in confidence. These items shall remain confidential until the applicant says otherwise or the corporation determines the items no longer need to be held confidential.

Acts 1983 (70 G.A.) ch. 207, § 26, eff. June 25, 1983. Amended by Acts 1984 (70 G.A.) ch. 1164, § 3.

1984 Amendment: Added subsec. 3 relating to financial aid that the applicant has requested to confidentiality of items on the application for be held in confidence.

28.89. Iowa product development corporation fund

There is created an "Iowa product development corporation fund". All funds of the corporation including the proceeds from the issuance of notes or sale of bonds under this division, any funds appropriated from the general fund to the corporation, and other income derived from the exercise of powers granted to the corporation under this division shall be paid into the Iowa product development corporation fund notwithstanding section 12.10. The money in the Iowa product development corporation fund shall be paid out on the order of the person authorized by the corporation. The money in the Iowa product development corporation fund shall be used for repayment of notes and bonds issued under this division and the extension of financial aid granted by the corporation under this division, and the amount remaining may be used for the payment of the administrative and overhead costs of the corporation to the extent required. Notwithstanding section 8.33, no part of this fund shall revert at or after the close of a fiscal year unless otherwise provided by the general assembly, but shall remain in the fund and appropriated for the purposes of this division. The board shall seek to repay the state for general fund appropriations by recommending to the general assembly reversions from income received from successful ventures. The board shall recommend such action at any time when the revenue available to the board is deemed sufficient to continue existing operations.

Acts 1983 (70 G.A.) ch. 207, § 27, eff. June 25, 1983. Amended by Acts 1984 (70 G.A.) ch. 1067, § 8; Acts 1984 (70 G.A.) ch. 1164, § 4; Acts 1984 (70 G.A.) ch. 1303, § 10.

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Editorial Note:

Reference in this section to "this division" means §§ 28.81 to 28.94.

The code editor furnishes the following note concerning the 1984 amendments:

84 Acts, chapter 1067, section 8 and chapter 1303, section 10 both amended the section to change the warrant-signing officer from the treasurer of state to the state comptroller. 84 Acts, chapter 1164, section 4 made extensive changes in the section, including striking and rewriting the provision which contained the words changed in the other Acts. Therefore, the amendments cannot be harmonized in that respect. Chapter 1164 was enacted after chapter 1067, but before chapter 1303. However, the chapter 1164 amendment has been printed since it is a specific substantive change which appears to prevail under sections 4.4 and 4.7 of the Code. A bill will be proposed in the 1985 general assembly to clarify the general assembly's intent.

1984 Amendments: Acts 1984, ch. 1067 made nonsubstantive corrections.

Chapter 1164 rewrote the section which previously read:

28.90. Product development corporation notes

The corporation may issue Iowa product development corporation fund notes, the principal and interest of which shall be payable solely from the Iowa product development corporation fund established by this division. The fund notes of each issue shall be dated, shall mature at times not exceeding ten years from their dates of issue, and may be made redeemable before maturity, at the option of the corporation, at prices and under terms and conditions as determined by the corporation. The corporation shall determine the form and manner of execution of the fund notes, including any interest coupons to be attached, and shall fix the denominations and the places of payment of principal and interest, which may be any financial institution within or without the state or any agent, including the lender. If an officer whose signature or a facsimile of whose signature appears on fund notes or coupons ceases to be that officer before the delivery of the notes or coupons, the signature or facsimile is valid and sufficient for all purposes the same as if the officer had remained in office until delivery. The fund notes may be issued in coupon or in registered form, or both, as the corporation determines, and provision may be made for the registration of coupon fund notes as to principal alone and also as to both principal and interest, and for the conversion into coupon fund notes of any fund notes registered as to both principal and interest, and for the interchange of registered and coupon fund notes. Fund notes shall bear interest at rates as determined by the corporation and may be sold in a manner, either at public or private sale, and for a price as the corporation determines to be best to effectuate the purposes of the Iowa product development corporation fund. The proceeds of fund notes shall be used solely for the purposes for which issued and shall be disbursed in a manner and under restrictions as provided in this division and in the resolution of the corporation providing for their issuance. The corporation may provide for the replacement of fund notes which become mutilated or are destroyed or lost.

Acts 1983 (70 G.A.) ch. 207, § 28, eff. June 25, 1983. Amended by Acts 1984 (70 G.A.) ch. 1067, § 9; Acts 1984 (70 G.A.) ch. 1164, § 5.

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"There is created and 'Iowa product development corporation fund'. All funds of the corporation including the proceeds from the issuance of notes or sale of bonds under this division, any funds appropriated from the general fund to the corporation, and other income derived from the exercise of authority granted to the corporation under this division shall be paid to the treasurer of state as an agent of the corporation and the treasurer shall deposit the amounts in the Iowa product development corporation fund. The money in the Iowa product development corporation fund shall be paid out by warrants signed by the treasurer of state on requisition of the president of the corporation. The money in the Iowa product development corporation fund shall be used for repayment of notes and bonds issued under this division, the extension of financial aid granted by the corporation under this division, and the amount remaining may be used for the payment of the administrative and overhead costs of the corporation to the extent required."

Chapter 1303 substituted "state comptroller" for "treasurer of state" as the signator on warrants drawn on the Iowa product development corporation fund.

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Editorial Note:

Reference in this section to " means §§ 28.81 to 28.94.

1984 Amendments: Acts 1984, c nonsubstantive corrections.

28.91. Bonds and notes.

1. The corporation may issue the opinion of the corporation, of its corporate purposes, the payment of reserves to secure the corporation incident to and necessary. However, the corporation shall outstanding at any time in excess of assets of the corporation, as ce: bonds and notes shall be deemed within the meaning of and for

2. Bonds and notes issued by the corporation, moneys, assets, or revenues of bondholders or noteholders payable or notes are not an obligation of the corporation within the meaning of this section, but are special obligations of the corporation, the sources provided in this chapter shall be used to pay the principal and interest of such bonds and notes, and the power of this state or any political subdivision shall not be used to make its debts payable out of

3. Bonds and notes must be issued by the corporation under a resolution authorizing the issuance of such bonds and notes, and the corporation shall execute an appropriate certificate of the a:

4. Bonds shall:

a. State the date and series of such bonds and notes, the face that they are payable both by the corporation and do not constitute a general obligation of this state other than the statutory debt limit.

b. Be either registered, registered, or in registered form, denominations as the corporation determines, signed on behalf of the chairperson or president, secretary, have impressed or in of it, and the coupons attached to such bonds and notes, the chairperson or president, be payable as to principal and interest from the date of issuance, at the price the corporation prescribes, be sold at the price the corporation prescribes, and the terms and conditions which it deems necessary and be issued under and subject to the resolution of the corporation providing for their payment of the principal, rec: conditions, covenants, and provisions with this division, as are for the advantage of the state, which may be made a condition of the sale of the bonds as to:

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(1) Pledging or creating a lien, to the extent provided by the resolution, on moneys or property of the corporation or moneys held in trust or otherwise by others to secure the payment of the bonds.

(2) Providing for the custody, collection, securing, investment, and payment of any moneys of or due to the corporation.

(3) Limitations on the purpose to which the proceeds of sale of an issue of bonds then or thereafter to be issued may be applied.

(4) Limitations on the issuance of additional bonds and on the refunding of outstanding or other bonds.

(5) The procedure by which the terms of a contract with the holders of bonds may be amended or abrogated, the amount of bonds the holders of which must consent to an amendment or abrogation, and the manner in which consent may be given.

(6) Vesting in a trustee properties, rights, powers, and duties in trust as the corporation determines, which may include the rights, powers, and duties of the trustee appointed for the holders of any issue of bonds pursuant to this division, in which event the provisions of that section authorizing appointment of a trustee by the holders of bonds do not apply, or limiting or abrogating the right of the holders of bonds to appoint a trustee under that section, or limiting the rights, duties, and powers of the trustee.

(7) Defining the acts or omissions which constitute a default in the obligations and duties of the corporation and providing for the rights and remedies of the holders of bonds in the event of a default. However, rights and remedies shall be consistent with the laws of this state and this division.

(8) Any other matters which affect the security and protection of the bonds and the rights of the holders.

5. The corporation may issue its bonds for the purpose of refunding any bonds or notes of the corporation then outstanding, including the payment of any redemption premiums on the bonds or notes and any interest accrued or to accrue to the date of redemption of the outstanding bonds or notes. Until the proceeds of bonds issued for the purpose of refunding outstanding bonds or notes are applied to the purchase or retirement of outstanding bonds or notes or the redemption of outstanding bonds or notes, the proceeds may be placed in escrow and be invested and reinvested in accordance with this division. The interest, income, and profits earned or realized on an investment may also be applied to the payment of the outstanding bonds or notes to be refunded by purchase, retirement, or redemption. After the terms of the escrow have been fully satisfied and carried out, any balance of proceeds and interest earned or realized on the investments may be returned to the corporation for use by it in any lawful manner. Refunding bonds shall be issued and secured and subject to this division in the same manner and to the same extent as other bonds issued pursuant to this division.

6. The corporation may issue negotiable bond anticipation notes and may renew them from time to time but the maximum maturity of the notes, including renewals, shall not exceed ten years from the date of issue of the original notes. Notes are payable from any available moneys of the corporation not otherwise pledged, or from the proceeds of the sale of bonds of the corporation in anticipation of which the notes were issued. Notes may be issued for any corporate purpose of the corporation. Notes shall be issued in the same manner as bonds, and notes and the resolution authorizing them may contain any provisions, conditions, or limitations, not inconsistent with this subsection, which the bonds or a bond resolution of the corporation may contain. Notes may be sold at public or private sale. In case of default on its notes or violation of any obligations of the corporation to the noteholders, the noteholders have all the remedies provided in this division for bondholders. Notes are as fully negotiable as bonds of the corporation.

7. A copy of each pledge agreement by or to the corporation, including without limitation each bond resolution, indenture of trust, or similar agreement, or any revisions or supplements to it shall be filed with the secretary of state and no further filing or other action under sections 554.9101 to 554.9507, article 9 of the uniform commercial code,

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or any other law of the state in any additions to it or substituted and after the time made again otherwise against the pledgor

8. Neither the officers of the corporation nor any other obligations is liable personally for any personal liability or account on bonds or notes.

Acts 1983 (70 G.A.) ch. 207, § 29,

Editorial Note:

Reference in this section to "the corporation" means §§ 28.81 to 28.94.

28.92. Reporting and fund source

The chairperson of the corporation shall deliver a report to the governor and the legislature at the end of each fiscal year. The report shall include all transactions conducted by the corporation and a balance sheet. The report shall also include a balance sheet of product development corporations conducted in the preceding fiscal year or the legislative fiscal committee report. Acts 1983 (70 G.A.) ch. 207, § 30, e

28.93. Audits

The auditor of state shall audit the accounts of the corporation semi-annually. One audit shall be made in each fiscal year. The report shall be made no later than December 31 of each year. Acts 1983 (70 G.A.) ch. 207, § 31, e

1984 Amendment. Rewrote the section which previously read:

28.94. Remedies of bondholders

1. If the corporation defaults on bonds or notes after they become due and the default continues for a period of 90 days after the date to comply with this division, or if the corporation fails to issue of bonds or notes, the holder of bonds or notes of the issue shall be the clerk of the county in which the corporation is located or acknowledged in the same manner as the holder or represent the holders of the bonds.

2. The corporation or a trustee of the corporation may, and upon written demand shall, enforce the aggregate principal amount of

a. Enforce all rights of the bondholders of the corporation to carry out its obligations under this division.

b. Bring suit upon the bonds

c. By action require the corporation to pay the trust for the holders.

by the resolution, on moneys or otherwise by others to secure the investment, and payment of any of sale of an issue of bonds then on the refunding of outstanding

with the holders of bonds may be of which must consent to an assent may be given.

duties in trust as the corporation of the trustee appointed for on, in which event the provisions the holders of bonds do not apply, is to appoint a trustee under that trustee.

a default in the obligations and remedies of the holders of remedies shall be consistent with

protection of the bonds and the

purpose of refunding any bonds or the payment of any redemption due or to accrue to the date of proceeds of bonds issued for the applied to the purchase or retirement of outstanding bonds or notes, the invested in accordance with this realized on an investment may also notes to be refunded by purchase, now have been fully satisfied and paid or realized on the investments lawful manner. Refunding bonds in the same manner and to the section.

ation notes and may renew them es, including renewals, shall not notes. Notes are payable from pledged, or from the proceeds of which the notes were issued. Notes ion. Notes shall be issued in the authorizing them may contain any with this subsection, which the in. Notes may be sold at public lation of any obligations of the ll the remedies provided in this le as bonds of the corporation.

corporation, including without ilar agreement, or any revisions f state and no further filing or of the uniform commercial code,

or any other law of the state is required to perfect the security interest in the collateral or any additions to it or substitutions for it, and the lien and trust created are binding from and after the time made against all parties having claims of any kind in tort, contract, or otherwise against the pledgor.

8. Neither the officers of the corporation nor any person executing its bonds, notes, or other obligations is liable personally on the bonds, notes, or other obligations or subject to any personal liability or accountability by reason of the issuance of the corporation's bonds or notes.

Acts 1983 (70 G.A.) ch. 207, § 29, eff. June 25, 1983.

Editorial Note:

Reference in this section to "this division" means §§ 28.81 to 28.94.

28.92. Reporting and fund solvency

The chairperson of the corporation on or before July 30 of each fiscal year shall make and deliver a report to the governor and the legislative fiscal committee. The report shall include all transactions conducted by the corporation in the preceding fiscal year. The report shall also include a balance sheet outlining the financial solvency of the Iowa product development corporation fund, a certified copy of any audits of the corporation conducted in the preceding fiscal year, and other information requested by the governor or the legislative fiscal committee.

Acts 1983 (70 G.A.) ch. 207, § 30, eff. June 25, 1983.

28.93. Audits

The auditor of state shall audit the books and accounts of the corporation at least semi-annually. One audit shall be conducted for the preceding fiscal year on or after July 1 of each fiscal year. The results of the yearly audit shall be submitted to the governor no later than December 31 of each fiscal year.

Acts 1983 (70 G.A.) ch. 207, § 31, eff. June 25, 1983. Amended by Acts 1984 (70 G.A.) ch. 1164, § 6.

1984 Amendment. Rewrote the third sentence which previously read:

"The results of the yearly audit shall be certified and turned over to the governor no later than July 30 of each fiscal year".

28.94. Remedies of bondholders and noteholders

1. If the corporation defaults in the payment of principal or interest on an issue of bonds or notes after they become due, whether at maturity or upon call for redemption, and the default continues for a period of thirty days, or if the corporation fails or refuses to comply with this division, or defaults in an agreement made with the holders of an issue of bonds or notes, the holders of twenty-five percent in aggregate principal amount of bonds or notes of the issue then outstanding, by instrument filed in the office of the clerk of the county in which the principal office of the corporation is located, and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds or notes for the purposes of this section.

2. The corporation or a trustee appointed under the indenture under which the bonds are issued may, and upon written request of the holders of twenty-five percent in aggregate principal amount of the issue of bonds or notes then outstanding shall:

a. Enforce all rights of the bondholders or noteholders, including the right to require the corporation to carry out its agreements with the holders and to perform its duties under this division.

b. Bring suit upon the bonds or notes.

c. By action require the corporation to account as if it were the trustee of an express trust for the holders.

§ 28.94

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d. By action enjoin any acts or things which are unlawful or in violation of the rights of the holders.

e. Declare all the bonds or notes due and payable and if all defaults are made good then with the consent of the holders of twenty-five percent of the aggregate principal amount of the issue of bonds or notes then outstanding, annul the declaration and its consequences.

The bondholders or noteholders, to the extent provided in the resolution by which the bonds or notes were issued or in their agreement with the corporation, may enforce any of the remedies in paragraphs "a" to "e" or the remedies provided in those agreements for and on their own behalf.

3. The trustee has all powers necessary or appropriate for the exercise of functions specifically set forth or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

4. Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days' notice in writing to the governor, the corporation, and the attorney general of the state.

5. The district court has jurisdiction of an action by the trustee on behalf of bondholders or noteholders. The venue of the action is in the county in which the principal office of the corporation is located.

Acts 1983 (70 G.A.) ch. 207, § 32, eff. June 25, 1983.

Editorial Note:

Reference in this section to "this division" means §§ 28.81 to 28.94.

CHAPTER 28A. OFFICIAL MEETINGS OPEN TO PUBLIC

Transferred to Chapter 21, Code 1985.

CHAPTER 28B. INTERSTATE CO-OPERATION COMMISSION

28B.1. Membership of commission

The Iowa commission on interstate co-operation is hereby established. It shall consist of thirteen members to be appointed as follows:

1. Five members of the senate to be appointed by the president thereof.
2. Five members of the house of representatives to be appointed by the speaker of the house.
3. Three administrative officers to be appointed by the governor.

Appointments shall be made prior to the fourth Monday in January of the first regular session of the general assembly. Members shall take office on February 1 following their appointment and serve for two-year terms or until their successors are appointed and take office.

The governor, the president of the senate and the speaker of the house of representatives shall be ex officio honorary nonvoting members of the commission.

The director of the legislative service bureau shall serve as secretary of the commission.

Amended by Acts 1979 (68 G.A.) ch. 3, § 14.

1979 Amendment: Rewrote unnumbered paragraph 2.

INTERGOVERNMENTAL I

CHAPTER INTER

Chapter 28C, Code
§ 28C.1, was repealed by
Provisions constituting
Intergovernmental Rela
Acts 1982 (69 G.A.) ch.
Chapter 28C, Code 19

Section

- 28C.1. Findings and purposes.
- 28C.2. Commission created—me
- 28C.3. Duties.
- 28C.4. Organization—meetings.

28C.1. Findings and purposes

The general assembly finds and report on the:

1. Current pattern of loca
 2. Powers and functions o
 3. Existing, necessary, and state.
 4. Necessary and desirabl
 5. Necessary and desirabl systems.
 6. Special problems in inte state regional units, and area-conjunction with studies of cc
- Acts 1982 (69 G.A.) ch. 1252, § 1.

Title of Act:

An Act to establish an Iowa Ad sion On Intergovernmental Relatic (69 G.A.) ch. 1252.

28C.2. Commission created—

1. An Iowa advisory comm
2. The membership of the
 - a. Four elected or appointe four elected or appointed cit corporations, and one membe established under chapter 28E
 - b. Two state senators app
 - c. Two state representative
3. In making all appointme representation of different ge
4. The initial chairperson o among the commission membe be elected by the commission f chairperson may be elected by term. In case of the absence

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program scrip-
n the program; and
and facilitating the
c need. (1981, 351,
uly 1, 1981.)

CHAPTER 40J

Massachusetts Technology Park Corporation

SEC.

- 1. Findings and purpose.
- 2. Definitions.
- 3. Creation; board of directors; membership; powers and duties; corporate officers; bond requirement; liability of directors and officers.
- 4. Powers of corporation.
- 5. Center fund; establishment; purpose; procedure.
- 6. Establishment of centers; procedure; financial requirements; approval.
- 7. Executive directors.
- 8. Annual report.
- 9. Annual audit of books and records.
- 10. Liberal construction of chapter.

detailed report of
er the end of the
ves, to the clerk of
t shall include, but
ded, an evaluation
the public monies
uals trained, edu-
mber of minority
, 351, § 192, ap-
1.)

ject to an annual
, 351, § 192, ap-
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Auto-Cite®: Any case citation herein can be checked for form, parallel references, later history, and annotation references through the Auto-Cite computer research system.

Editorial Note—

Section 3 of the 1982 act provides as follows:

SECTION 3. It is intended that the corporation created pursuant to the provisions of this chapter shall be an educational organization as described in 26 USC Section 170(b)(1)(A)(ii) and an institution of higher education as defined in 26 USC Section 3304(f).

ect its purpose.
effective July 1,

§ 1. Findings and Purpose.

It is hereby found (1) that throughout the history of Massachusetts, the economic development of the commonwealth and the prosperity and welfare of our people have depended, to a great degree, upon the continued ability of the commonwealth's fine colleges and universities to provide the most advanced education and practical training opportunities in emerging areas of science and technology, and that (2) this wealth of educational resources has attracted, to the commonwealth, some of the best minds from throughout the nation and from throughout the world, and that (3) great numbers of talented individuals, having furthered their education in the common-

wealth, have been induced to concentrate their subsequent business and industrial operations in Massachusetts by the proximity of the same educational institutions with which they were familiar and which produced the similarly educated graduates so necessary to the successful growth and expansion of innovative business and industry in a variety of areas, including, historically, textiles, medical research and manufacturing and the provision of medical services, computers and manufacturing of solid-state electronics equipment employing semi-conductor and microelectronic technologies, and that (4) the ability of our colleges and universities to provide educational and practical training opportunities, coupled with the concentration of business and industry in the commonwealth, have engendered many new and rewarding employment opportunities for the citizens of the commonwealth, increased the tax base, avoided increased welfare and unemployment costs and furthered the general welfare of the commonwealth, but that (5) the burgeoning growth of the particularly dynamic field of semi-conductor and microelectronic technologies and the intense competition among participants in that field have also spawned a critical demand for a continuous supply of qualified engineers and technicians to occupy key positions in business and industry which require practical training and knowledge of the latest developments in that rapidly evolving area, and that (6) as a result of this demand, business and industry in the field of semi-conductor and microelectronic technologies are unable to obtain appropriately skilled employees to maintain and expand operations within the commonwealth, and our people are and will continue to be denied many significant employment opportunities, and that (7) the loss of economic and employment activity from the commonwealth erodes the tax base, leads to unemployment and underemployment of our people, increases welfare and unemployment costs and threatens the general welfare of the entire commonwealth, and that (8) both the basic training of new engineers and technicians and the retraining of existing personnel to meet the constantly changing requirements for effective and productive work in the field of semi-conductor and microelectronic technologies require an educational and training facility which contains design, fabrication and testing equipment to permit students to acquire essential practical experience.

Such a facility is presently unavailable to our colleges and universities, and it is further found that (9) the commonwealth's post-secondary educational institutions are not able, even with the assistance provided through existing state and federal programs, to finance the establishment and operation of the type of facility necessary for the development of combined academic and practical training programs sufficient to satisfy employment needs. The buildings and equipment

necessary for such a facility require capital expenditures which are prohibitive to the commonwealth's post-secondary educational institutions, particularly in this era of diminishing public support for higher education. Further, the costs associated with maintaining and replacing such facilities and equipment in a manner consistent with developing technology are often themselves beyond the means of those institutions.

It is further found, however, that on the basis of satisfactory evidence that (10) many of the commonwealth's post-secondary institutions will participate in the use of such a facility if it is established and will commit themselves to continuing the facility's operations. Institutions which have expressed such an interest at present are Boston University, University of Lowell, Northeastern University, Southeastern Massachusetts University, Tufts University, University of Massachusetts, Worcester Polytechnic Institute and the Massachusetts Institute of Technology, and that (11) business and industry in the field of semi-conductor and microelectronic technologies are confronted with the competitive market pressures of a private enterprise system which prevent the use of their facilities in the initial and continuing training and education of technical personnel with respect to the latest developments in that area. There is, however, satisfactory evidence that business and industry in that field will participate in the programs of such a facility if it is established and will commit themselves to continuing the facility's operations.

It is further found that (12) it is an important government function to increase opportunities for gainful employment for our people, to assist in promoting a productive and expanding industrial base within the commonwealth capable of meeting the needs and demands of a modern economy, to assist post-secondary educational institutions to assume an active role in achieving these goals, and otherwise to improve the prosperity and general welfare of the inhabitants of the commonwealth.

Because it may reasonably be anticipated that the pattern of events which has given rise to the need for a partnership of government and industry and education to create a training facility for semi-conductor and microelectronic technologies will recur in other technologies, and because it is appropriate to utilize the skills and experience which will be developed in responding to the present need to meet such future needs, it is further found that (13) the The Massachusetts Technology Park Corporation, hereinafter referred to as the corporation, hereby created, be authorized, after having satisfied itself that the microelectronic facility is operational, to establish further similar centers to support those other technologies in which a need equal to

which has been found to exist in these findings is found to exist by the corporation.

Therefore, it is found that it is in the public interest of the commonwealth to promote the prosperity and general welfare of its citizens, a public purpose for which public money may be expended, by creating the corporation to establish and operate one or more educational centers containing design, fabrication and testing facilities and equipment for post-secondary academic and practical training programs urgently required to satisfy the education and employment needs of business and industry and the people of the commonwealth. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

Federal Aspects—

Technology Innovation Act, 15 USCS §§ 3701-3714.

§ 2. Definitions.

The following terms as used in this chapter shall have the following meanings, except where the context clearly indicates otherwise:

“Board”, the board of directors of the Massachusetts Technology Park Corporation.

“Center”, a facility established by the Massachusetts Technology Park Corporation pursuant to the provisions of this chapter.

“Corporation”, the Massachusetts Technology Park Corporation.

“Current expenses”, as applied to a center or any portion thereof created pursuant to the provisions of this chapter, the amount of reasonable and necessary expenses for the administration and operation of a center after the center has become operational.

“Participating business”, a private business corporation, partnership, firm or entity within the commonwealth engaged in or proposing to engage in the business of the design or manufacture of semi-conductor and microelectronic components, or of products of another technology which may come within the ambit of this chapter pursuant to the provisions of section six, which has undertaken to support and participate in the programs of the Corporation in a manner approved by the board.

“Participating institution”, a state or independent, non-profit post-

secondary educational institution within the commonwealth offering instruction in semi-conductor and microelectronic technologies, or in a field of study or an area of technology which may come within the ambit of this chapter pursuant to the provisions of section six, which has undertaken to support and participate in the programs of the corporation in a manner approved by the board.

“Post-secondary educational institution”, a state or independent, non-profit post-secondary educational institution within the commonwealth offering instruction in semi-conductor and microelectronic technologies, or in a field of study or an area of technology which may come within the ambit of this chapter pursuant to section six.

“Project cost”, as applied to a center or any portion thereof created pursuant to the provisions of this chapter, embraces all or any part of the cost of construction, acquisition, alteration, enlargement, reconstruction and remodeling of a center, including all lands, structures, real or personal property, rights, rights of way, air rights, franchises, easements and interests acquired or used in connection with a center, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, financing charges, interest prior to, during and for a period after completion of such construction and acquisition, amounts reasonably required to make the center operational, the cost of architectural, engineering, financial and legal services, plans, specifications, studies, surveys, estimates of costs and revenues, administrative expenses, expenses necessary or incident to determining the feasibility or practicability of constructing the center and such other expenses as may be necessary or incident to the construction and acquisition of the center.

“Semi-conductor and microelectronic technologies”, that portion of the solid-state electronics field concerned with the design and manufacture of semi-conductors and microelectronic components, and the various sciences and technologies which support the solid-state electronics industry, including technologies concerned with computer-aided design/computer-aided manufacture and successor technologies.

“Start-up expenses”, as applied to a center or any portion thereof created pursuant to the provisions of this chapter, embraces all or any part of the expenses for the administration and operation of a center incurred in the establishment of a center prior to the time the center becomes operational. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

§ 3. Creation; Board of Directors; Membership; Powers and Duties; Corporate Officers; Bond Requirement; Liability of Directors and Officers.

There is hereby created a body, politic and corporate, to be known as the Massachusetts Technology Park Corporation hereinafter referred to as the corporation. The corporation is hereby constituted a public instrumentality of the commonwealth and the exercise by the corporation of the powers conferred in this chapter shall be deemed and held to be an essential governmental function. The corporation is hereby placed in the executive office of manpower affairs but shall not be subject to the supervision or control of said office or of any board, bureau, department or other agency of the commonwealth except as specifically provided in this chapter.

The corporation shall be governed and its corporate powers exercised by a board of directors, which shall consist of the secretary of manpower affairs, the secretary of administration, and the chancellor of the board of regents of higher education, or their designees, and twenty persons appointed by the governor, eight of whom shall be chief executive officers of post-secondary educational institutions or distinguished faculty members of their electronics engineering faculties, or other appropriate faculties, and among the eight shall be at least three representatives of public post-secondary educational institutions, and eight of whom shall be chief executive officers, chairpersons or chief engineers of businesses concerned with the design and manufacture of semi-conductor or microelectronics components or products of another technology which may come within the ambit of this chapter pursuant to the provisions of section six. Each director appointed by the governor shall serve for a term of five years and thereafter until his successor is appointed, except that in making the initial appointments the governor shall appoint four directors to serve for one year, four to serve for two years, four to serve for three years, four to serve for four years, and four to serve for five years. Any person appointed to fill a vacancy on the board shall be appointed in a like manner and shall serve for the unexpired term of the predecessor director. Any director shall be eligible for reappointment. Any director may be removed by the governor for cause. Twelve directors shall constitute a quorum and the affirmative vote of a majority of the directors present and eligible to vote at a meeting shall be necessary for any action to be taken by the board. The directors shall serve without compensation, but each director shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties. The board shall meet at

least four times in each year and shall have final authority over the activities of the corporation.

The board shall annually elect from among its members a chairperson and a vice-chairperson, and may designate a treasurer and a secretary, who need not be members of the board. The secretary shall keep a record of the proceedings of the corporation and shall be the custodian of all books, documents, and papers filed with the corporation, and its official seal. The secretary shall cause copies to be made of all minutes and other records and documents of the corporation and shall certify that such copies are true copies and all persons dealing with the corporation may rely upon such certification. The treasurer shall be the chief financial and accounting officer of the corporation and shall be in charge of its funds, books of account, and accounting records. The chairperson and the vice-chairperson, together with the secretary of manpower affairs, and two individuals elected annually by the board from among its members, one of whom shall be a board member from a post-secondary educational institution and one of whom shall be a board member from a business, shall constitute the executive committee of the board. The executive committee shall have all the powers of the board between the meetings of the board, to be exercised in accordance with by-laws established by the board. The executive committee shall meet as often as deemed necessary by the committee, times in each year and shall have final authority over the activities of the corporation.

The provisions of chapter two hundred and sixty-eight A shall apply to all directors, officers and employees of the corporation except that the corporation may purchase from, sell to, borrow from, contract with or otherwise deal with any organization in which any director of the corporation is in any way interested or involved; provided, however, that such interest or involvement is disclosed in advance to the directors and recorded in the minutes of the proceedings of the corporation; and provided, further, that no director having such an interest or involvement may participate in any decision relating to such organization.

Neither the corporation nor any of its officers, directors, agents, employees, consultants or advisors shall be subject to the provisions of sections, three B of chapter seven, sections nine A, forty-five, forty-six and fifty-two of chapter thirty, chapter thirty-one, or sections twenty-seven and twenty-seven A to twenty-seven E, inclusive, of chapter one hundred and forty-nine; provided, however, that in purchasing products or services, the corporation shall at all times follow generally accepted good business practices.

All officers and employees of the corporation having access to its

can negotiable securities shall give bond to the corporation at its expense, in such amount and with such surety as the board may prescribe. The persons required to give bond may be included in one or more blanket or scheduled bonds.

Directors and officers who are not regular, compensated employees of the corporation shall not be liable to the commonwealth, to the corporation or to any other person as a result of their activities, whether ministerial or discretionary, as such directors or officers except for willful dishonesty or intentional violations of law. The board of the corporation may purchase liability insurance for directors, officers and employees and may indemnify said persons against the claims of others. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982; 1982, 451, § , approved, with emergency preamble, Nov. 8, 1982.)

Editorial Note—

The 1982 amendment increased the appointed membership of the board of directors from 16 to 20 persons, increased from 3 to 4 the number of directors who can initially serve for 2, 3, 4 and 5 years respectively, and increased from 10 to 12 the number of directors which shall constitute a quorum.

It is not clear whether the language constituting an incomplete sentence at the end of the third paragraph is intended to relate to the executive committee, or whether it represents an unintended, misplaced repetition of part of the last sentence of the second paragraph.

§ 4. Powers of Corporation.

The corporation shall have the following powers:—

(a) to make, amend and repeal by-laws, rules and regulations for the management of its affairs;

(b) to adopt an official seal;

(c) to sue and be sued in its own name;

(d) to make contracts and execute all instruments necessary or convenient for the carrying on of its business;

(e) to acquire, own, hold, dispose of and encumber personal or real property of any nature or any interest therein in the exercise of its powers and performance of its duties under this chapter;

(f) to enter into agreements or transactions with any federal, state or municipal agency or other public institution or with any private individual, partnership, firm, corporation, association or other entity;

appear in its own behalf before boards, commissions, departments, or other agencies of federal, state or municipal government;

(h) to appoint officers in addition to those directors elected by the board and to engage and employ employees, including legal counsel, consultants, agents and advisors, and prescribe their duties and fix their compensation;

(i) to establish advisory boards to expand the participation and to draw on the experience of representatives from all aspects of the technology involved in a center or a proposed center including supporting organizations and industries such as finance and education;

(j) to procure insurance against any losses in connection with its property in such amounts, and from such insurers, as may be necessary or desirable;

(k) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in such investments as may be lawful for fiduciaries in the commonwealth pursuant to sections thirty-eight and thirty-eight A of chapter twenty-nine.

(l) to accept, hold, use, apply and dispose of any and all donations, grants, bequests and devises, conditional or otherwise, of money, property, services or other things of value which may be received from the United States or any agency thereof, any governmental agency, any institution, person, firm or corporation, public or private, such donations, grants, bequests and devises to be held, used, applied or disposed of for any or all of the purposes specified in this chapter and in accordance with the terms and conditions of any such grant. Receipt of each such donation or grant shall be detailed in the annual report of the corporation; such annual report shall include the identity of the donor or lender, the nature of the transaction and any conditions attaching thereto;

(m) to formulate plans for the establishment of centers pursuant to the provisions of this chapter, and to construct, reconstruct, remodel, maintain, manage, lease, as lessee or lessor, such centers, and to enter into contracts for the management and operation of such centers and to engage in any activity reasonably related thereto;

(n) to establish rules and regulations for the use by participating businesses and participating institutions of a center established pursuant to the provisions of this chapter;

(o) to determine the manner of support and participation in the programs of the corporation which are required of participating businesses and participating institutions, to enter into contracts or agreements setting forth the terms and conditions of such support and participation, and to determine and designate those businesses

and institutions which qualify as participating businesses and institutions;

(p) to fix and revise from time to time and charge rents and collect rates, rents, fees and charges for the use of a center or any portion thereof by participating institutions or participating businesses, or any other user;

(q) to prepare, publish and distribute, with or without charge as the corporation may determine, such technical studies, reports, bulletins and other materials regarding its facilities and activities as it deems appropriate;

(r) to provide, or make available, educational, training, testing and ancillary fabrication facilities and equipment, and to sell or otherwise dispose of products fabricated thereby and services available therefrom in furtherance of the purposes specified in this chapter;

(s) to exercise any other powers of a corporation organized under chapter one hundred and fifty-six B; and,

(t) to do any and all things necessary or convenient to carry out the purposes of this chapter. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

§ 5. Center Fund; Establishment; Purpose; Procedure.

There is hereby established a fund for carrying out the purposes of this chapter, hereinafter referred to as the "center fund", to which shall be credited the proceeds of any bonds or notes of the commonwealth issued for this purpose, and any appropriations authorized by the general court specifically designated to be credited to the center fund.

The corporation shall hold the center fund in an account or accounts separate from other funds. All appropriations, grants and other funds received by the corporation and not specifically designated to be credited to the center fund, including all rates, rents, fees and charges collected by the corporation, and the proceeds of all investments, including the proceeds of investments of the center fund, may be used to pay for the start-up expenses, project costs and current expenses of the corporation.

Unless otherwise specified, all monies of the corporation, from whatever source, derived shall be paid to the treasurer of the corporation and monies shall be deposited in the first instance by the treasurer in one or more national banks, trust companies or banking companies in compliance with section thirty-four of chapter twenty-

nine. Funds in such accounts shall be paid out on the warrant or other order of the treasurer of the corporation or of such other person or persons as the board may authorize to execute such warrant or warrants.

The corporation shall draw upon the center fund, as provided pursuant to section six of this chapter, to meet the start-up expenses and project costs of acquiring, owning and operating, or of contracting with third parties to acquire, own and operate lands, buildings, facilities and equipment for centers within the meaning of this chapter; provided, however, that the first center so established shall be for the training and education of students in semi-conductor and microelectronics technologies, including, but not limited to, a design, fabrication and testing facility, to be known as the Massachusetts Microelectronics Center to afford opportunities for practical training in state-of-the-art semi-conductor and microelectronics technologies; provided, further, that the corporation shall not utilize the principal of the center fund to support current expenses of the Massachusetts Microelectronics Center or of any other center established pursuant to this chapter.

If the board determines that participating businesses and participating institutions have failed to provide support to a center in a manner required by the board, which support includes the provision by participating businesses of the equipment and machinery necessary and appropriate to ensure that the center is maintained at a level consistent with developing technology and the provision by both participating businesses and participating institutions of qualified individuals from among the employees thereof to serve from time to time as instructors at the center, the board shall report this fact to the general court, which may dissolve the corporation and direct the dissolution of its assets or take such other action as it deems appropriate.

No monies shall be credited to the center fund in support of a particular center unless and until the plan and findings required pursuant to section six of this chapter have been received and approved in writing by the house and senate committees on ways and means.

In formulating plans for the establishment of centers pursuant to the provisions of his chapter, the corporation shall be authorized to consult with and utilize the services of the Government Land Bank established pursuant to chapter two hundred twelve of the acts of nineteen hundred and seventy-five, as amended, for such technical assistance as the board deems necessary or appropriate to the effective discharge of the corporation's responsibilities relative to the

acquisition, construction, reconstruction and remodeling of facilities required for such centers. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

§ 6. Establishment of Centers; Procedure; Financial Requirements; Approval.

The corporation shall establish a center, and take any and all actions necessary or appropriate thereto, including disbursing available funds from the center fund to meet the project costs and start-up expenses of such a center, only after (a) formulation of a detailed plan for the creation and operation of such a center; provided that the plan shall be supported by independently verifiable information; and provided further that the plan shall include but not be limited to:

(1) a detailed description of the proposed center, including an analysis of all lands, structures, facilities, machinery and equipment reasonably necessary for the successful operation thereof; an analysis of the feasibility of utilizing surplus state real property for such a center; and a statement of the proposed project costs reasonably associated with establishing such a center, with a detailed breakdown of such project costs, including and estimate of the cost to the commonwealth of the debt service on any bonds or notes issued or to be issued in support of such a center;

(2) a statement of the proposed annual start-up expenses, project costs and current expenses of the center for the first five years of its existence, including a detailed breakdown of such costs and expenses, with a reasonable projection of that portion of said costs and expenses which the corporation expects to meet through assistance provided by participating businesses, rates, rents, fees and charges imposed upon users and support from any other source; and

(3) a description of the assistance to be provided to the corporation in support of the center by participating businesses and participating institutions, with evidence of such assistance and the terms and conditions thereof, if any;

(4) a description of the public benefits to be engendered by the center, including particularly an analysis of increased and enhanced employment and educational opportunities;

(5) a description of the proposed activities of the center, including the proposed utilization thereof by participating businesses and participating institutions;

(6) a proposal for a capital outlay appropriation from the commonwealth in support of the establishment of the center and such annual

maintenance appropriations as may reasonably be required for the successful operation of the center; and

(b) the board has approved the establishment of the center described in the plan, having found and incorporated in its minutes that:

(1) the center as proposed in the plan will substantially further the basic purpose of this chapter to provide for the establishment and operation of centers for the education of qualified persons in a developing technology offering substantial employment opportunities in the commonwealth;

(2) there is no reasonable expectation that the center as proposed in the plan will duplicate the actual or proposed facilities or programs of a post-secondary educational institution or consortium of such institutions located within the commonwealth, or, to the extent that a possibility for such duplication may be found to exist, the center as proposed in the plan may reasonably be characterized as enhancing or supplementing the ability of such an institution or consortium of institutions to conduct such actual or proposed facilities or programs;

(3) the establishment and operation of the center as proposed in the plan are beyond the financial means of any single post-secondary educational institution or consortium of such institutions located in the commonwealth, either because the capital costs or operating costs associated therewith are prohibitive or because the capital costs or operating costs associated with maintaining such a center at a level consistent with developing technology are prohibitive;

(4) The corporation has received appropriate commitments from participating businesses and participating institutions to support the center and to maintain a continuing effort to support the center; provided, that the commitments from participating businesses for project costs and start-up expenses shall be for support which, in the aggregate, is equivalent in value to the amount of the proposed disbursement from the center fund and which support includes provision of the equipment and machinery necessary and appropriate to establish the center as provided in the plan; provided, further, that the commitments from participating businesses to maintain a continuing effort to support the center shall include commitments to provide the equipment and machinery necessary and appropriate to ensure that the center is maintained at a level consistent with developing technology; provided, further, that the commitments from both participating businesses and participating institutions to maintain a continuing effort to support the center shall include commitments to provide qualified individuals from among the employees

t. . . . to serve from time to time as instructors at the center; provided further, that the provision of equipment, machinery, instructors and support of any other kind by participating businesses and participating institutions shall be at no charge to the corporation; and provided, further, that the value of said equipment, machinery, instructors and other support shall be determined by the executive director of the corporation.

(c) submission by the board of the plan and findings formulated pursuant to this section to the governor, the president of the senate and the speaker of the house of representatives, the chairman of the senate committee on ways and means and the chairman of the house committee on ways and means. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

Cross References—

This section is referred to in ALM GL c 40J §§ 2, 3, 5 and 7.

§ 7. Executive Directors.

(a) The board shall select a qualified individual to act as executive director and shall delegate to the executive director full authority to manage the affairs of the corporation and the Massachusetts Microelectronics Center. The executive director shall serve at the pleasure of the board. The executive director shall present to the board for its approval annual budgets, staffing plans, operating plans and production plans. The executive director shall supervise the employees of the corporation and the Massachusetts Microelectronics Center and shall have the power to hire and fire them. The executive director shall serve as chief liaison officer to the participating businesses and participating institutions in order to enhance their support of and participation in the affairs of the Massachusetts Microelectronics Center. The executive director shall provide that the resources of the Massachusetts Microelectronics Center are made available to participating institutions in a nondiscriminatory manner.

(b) If, pursuant to section six, the board establishes additional centers, it shall determine whether or not to appoint individual executive directors with similar authority for such centers, in view of the technology in question. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

§ Annual Report.

. . . . corporation annually shall submit a complete and detailed

report of the center's activities within ninety days after the end of the fiscal year to the clerk of the house of representatives and to the clerk of the senate. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

§ 9. Annual Audit of Books and Records.

The books and records of the corporation shall be subject to an annual audit by the auditor of the commonwealth. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

§ 10. Liberal Construction of Chapter.

The provisions of this chapter being necessary for the welfare of the commonwealth and its inhabitants shall be liberally construed to effect its purpose. (1982, 312, § 1, approved, with emergency preamble, July 13, 1982.)

p data on such programs, and the cost (Added by 1983, 685, § 2, approved days thereafter; amended by 1984, 189, amble, July 12, 1984.)

a complete and detailed report of the ty days after the end of the fiscal year ntatives, to the clerk of the senate, and rt shall include, but not be limited to, d, an evaluation of the performance of public monies expended, and detailed ned, educated and employed, including, ority and economically disadvantaged 189, § 48, approved, with emergency

SSC shall be subject to an annual audit ealth. (Amended by 1984, 189, § 48, e, July 12, 1984.)

Chapter.

nstrued to effect its purpose. (Amended emergency preamble, July 12, 1984.)

CHAPTER 40J

Massachusetts Technology Park Corporation

§ 3. Creation; Board of Directors; Membership; Powers and Duties; Corporate Officers; Bond Requirement; Liability of Directors and Officers.

[No change in first and second paragraphs.]

[The third paragraph is amended to read as follows:]

The board shall annually elect from among its members a chairperson and a vice-chairperson, and may designate a treasurer and a secretary, who need not be members of the board. The secretary shall keep a record of the proceedings of the corporation and shall be the custodian of all books, documents, and papers filed with the corporation, and its official seal. The secretary shall cause copies to be made of all minutes and other records and documents of the corporation and shall certify that such copies are true copies and all persons dealing with the corporation may rely upon such certification. The treasurer shall be the chief financial and accounting officer of the corporation and shall be in charge of its funds, books of account, and accounting records. The chairperson and the vice-chairperson, together with the secretary of manpower affairs, and two individuals elected annually by the board from among its members, one of whom shall be a board member from a post-secondary educational institution and one of whom shall be a board member from a business, shall constitute the executive committee of the board. The executive committee shall have all the powers of the board between the meetings of the board, to be exercised in accordance with by-laws established by the board. The executive committee shall meet as often as deemed necessary by the committee. (Amended by 1984, 189, § 49, approved, with emergency preamble, July 12, 1984.)

[No change in balance of section.]

Editorial Note—

The 1984 amendment was corrective in nature, deleting the words "times in each year and shall have final authority over the activities of the corporation" from the end of the third paragraph.

§ 5. Center Fund; Establishment; Purpose; Procedure.

[No change through penultimate paragraph.]

[The last paragraph is amended to read as follows:]

In formulating plans for the establishment of centers pursuant to the provisions of chapter, the corporation shall be authorized to consult with and utilize the services of the Government Land Bank established pursuant to chapter two hundred twelve of the acts of nineteen hundred and seventy-five, as amended, for such technical assistance as the board deems necessary or appropriate to the effective discharge of the corporation's responsibilities relative to the acquisition, construction, reconstruction and

remodeling of facilities required for such centers. (Amended by 1984, 189, § approved, with emergency preamble, July 12, 1984.)

E. Editorial Note—

The 1984 amendment was corrective in nature, deleting, in the last paragraph, the word "his" as it appeared after the words "pursuant to the provisions of", inserting in place thereof the word "this".

§ 6. Establishment of Centers; Procedure; Financial Requirements; Approval.

Editorial Note—

Acts 1984, ch 466, §§ 1-4, entitled "An act providing for the establishment of the Massachusetts advanced materials characterization and applications center and authorizing a capital outlay for that purpose" which was approved Jan. 7, 1985, provides as follows:

SECTION 1. The Massachusetts Technology Park Corporation is hereby authorized and directed to prepare and submit to the governor, the president of the senate, the speaker of the house of representatives, the chairman of the senate committee on ways and means, the chairman of the house committee on ways and means, and the commissioner of administration, a proposal relative to the development and operation of the Massachusetts advanced materials characterization and applications center, hereinafter called center. Such proposal shall include, but not be limited to the following:

(a) a detailed description of the proposed activities of the center, and the economic development benefits to be engendered thereby;

(b) a description of the lands, structures, fixtures, facilities and equipment deemed necessary or appropriate by the corporation for the construction and operation of the center; and a proposed location for the center;

(c) an estimate of the capital expenses found by the corporation to be necessary or appropriate for the construction and establishment of the center;

(d) an estimate of the annual operating expenses found by the corporation to be necessary or appropriate for the operation and maintenance of the center;

(e) an estimate of the amount and a statement of the source of federal or private funds or resources potentially available for commitment towards the establishment or operation of the center;

(f) a proposed schedule relative to the financing, construction and commencement of operations of the center; and

(g) a recommendation for the effective governance and administration of the center by the corporation.

Such proposal shall be submitted by the corporation no later than June thirtieth, nineteen hundred and eighty-five.

SECTION 2. The secretary of the executive office for administration and finance is hereby authorized to expend an amount not in excess of twenty million dollars to meet the commonwealth's share of the expenses of said center. Such funds shall be credited to the center fund in accordance with the provisions of sections five and six of chapter forty J of the General Laws; provided, however, that the amount so credited shall not exceed the amount proposed by the plan as required by said section six; and, provided further, that the provisions of clause (4) of paragraph (b) of said section six shall not apply to the establishment of said center but that, in lieu of such requirements, no funds shall be credited to the center fund for the establishment of said center until the board of directors of the Massachusetts Technology Park Corporation certifies to the commissioner of administration that the corporation has received commitments from agencies of the United States government or from participating businesses for matching funds or equivalent support which in the aggregate is at least equal in value to the amount of the proposed disbursement from the center fund for the establishment of the center.

SECTION 3. To meet the expenditures necessary to carry out the provisions of section two, the treasurer shall, upon the request of the governor, issue and sell bonds of the commonwealth to an amount to be specified by the governor from time to time, but not exceeding, in the aggregate, the sum of twenty million dollars.

All bonds issued by the commonwealth, as aforesaid, shall be designated on their face the words, Massachusetts Technology Park Corporation Loan Act of 1984, and shall, in

accordance with the recommendations which the governor shall submit pursuant to Section 3 of Article LXII of the Amendments to the Constitution of the Commonwealth, be issued for maximum terms not exceeding twenty years and be payable not later than June thirtieth, two thousand and nine. All interest and payments on account of principal of such obligations shall be payable from the General Fund. Bonds issued under the authority of this section and the interest thereon shall, notwithstanding any other provisions of this act, be general obligations of the commonwealth.

SECTION 4. The state treasurer may borrow from time to time on the credit of the commonwealth such sums of money as may be necessary for the purpose of meeting payments authorized by section two and may issue and renew from time to time notes of the commonwealth therefor, bearing interest payable at such times and at such rates as shall be fixed by the state treasurer. In accordance with the recommendations which the governor shall submit pursuant to Section 3 of Article LXII of the Amendments to the Constitution of the Commonwealth, such notes shall be issued and may be renewed one or more times for such terms, not exceeding one year and the final maturities of such notes, whether original or renewal, shall not be later than June thirtieth, nineteen hundred and ninety-five.

Notes and interest thereon issued under the authority of this section, notwithstanding any other provisions of this act, shall be general obligations of the commonwealth. All payments on account of principal and interest on the said notes shall be repaid from the General Fund.

§ 11. Applicability of GL c. 12A, entitled "Office of Inspector General".

The provisions of chapter twelve A which are applicable to a public authority or a public agency shall apply to the corporation. (Added by 1983, 32, approved March 31, 1983, effective 90 days thereafter.)

§ 12. Massachusetts Centers for Excellence Corporation; Creation; Definitions; Powers, Etc.

(a) *Definition.* As used in this section: (i) "Center of Excellence" or "center" means a collaborative effort between private industry and one or more educational or research institutions which has been established by the Board pursuant to the provisions of this section; (ii) "Corporation" means the Massachusetts Centers of Excellence Corporation; (iii) "Educational Institution" means a state or independent, nonprofit, post-secondary educational institution located within the Commonwealth; (iv) "MCEC Board" means the board of directors of the Massachusetts Centers of Excellence Corporation; and (v) "Research Institution" means a nonprofit organization, which may, but need not, be associated with an educational institution, that is engaged in an on-going program of basic or applied research, development or technology transfer.

(b) *Massachusetts Centers of Excellence Corporation; creation; board of directors; center governing boards.*

There is hereby created a body, politic and corporate, to be known as the Massachusetts Centers of Excellence Corporation hereinafter referred to as the corporation. The corporation is hereby constituted a public instrumentality of the Commonwealth and the exercise by the corporation of the powers conferred in this section shall be deemed and held to be an essential governmental function. The corporation is hereby placed in the Executive Office of Economic Affairs but shall not be subject to the supervision or control of said office or of any board, bureau, department or other agency of the Commonwealth except as specifically provided in this chapter.

The Corporation shall be governed by a board of directors with nine members. The Secretary of Economic Affairs shall be chairperson. The Secretary of Energy Resources shall serve, *ex officio*, as a director. The Governor shall appoint an additional seven directors with general expertise in promoting new applications of existing technologies and developing emerging technologies, three each from private industry and educational or research institutions, and, two from government. Each gubernatorial appointee shall serve for a term of five years, except that in making the initial appointments the Governor shall appoint one director for a one year term, one director for a two year term, one director for three year terms, two directors for four year terms and two directors for five year terms. The board of directors shall meet at least four times in each year and shall have final authority over the activities of the Corporation.

The activities of each center shall be coordinated by a governing board of nine directors with special expertise in areas of technology relevant to the activities of the center to be appointed by the Governor. The Governor shall appoint three directors each from private industry, educational or research institutions, and government. Each director shall serve for a term of five years, except that in making initial appointments the Governor shall appoint three members, one from each sector, for one year terms, three, one from each sector, for three year terms, and three, one from each sector, for five year terms. The governing boards of each center shall meet at least four times each year. The governing boards shall function as liaisons to participating business and educational or research institutions to enhance their support of and participation in the activities of each center.

Any person appointed to fill a vacancy on a board shall be appointed in like manner and shall serve for the unexpired term of the predecessor director. Any director may be reappointed. Any director may be removed by the Governor for cause. Five directors shall constitute a quorum and the affirmative vote of a majority of the directors present and eligible to vote at a meeting shall be necessary for any action to be taken by a board. The directors shall serve without compensation, but each director shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of official duties.

The provisions of chapter two hundred sixty-eight A shall apply to all directors, officer and employees of the corporation except that the corporation may purchase from, sell to, borrow from, contract with or otherwise deal with any organization in which any director of the corporation is in any way interested or involved; provided, however, that such interest or involvement is disclosed in advance to the directors and recorded in the minutes of the proceedings of the corporation; and provided, further, that no director having such interest or involvement may participate in any decision relating to such organization.

Neither the corporation nor any of its officers, directors, agents, employment consultants or advisors shall be subject to the provisions of sections e B of chapter seven, sections nine A, forty-five, forty-six and fifty-two of chapter thirty, chapter thirty-one or sections twenty-seven and twenty-seven A to thirty-seven E, inclusive, of chapter one hundred forty-nine

provided, however, that in purchasing products or services, the corporation shall at all times follow generally accepted good business practices.

All officers and employees of the corporation having access to its cash or negotiable securities shall give bond to the corporation at its expense, in such amount and with such surety as the board may prescribe. The persons required to give bond may be included in one or more blanket or scheduled bonds.

Directors and officers who are not regular, compensated employees of the corporation shall not be liable to the Commonwealth, to the corporation or to any other person as a result of their activities, whether ministerial or discretionary, as such directors or officers except for willful dishonesty or intentional violations of law. The board of the corporation may purchase liability insurance for directors, officer and employees and may indemnify said persons against the claims of others.

(c) *Powers.*

(1) to make, amend and repeal by-laws, rules and regulations for the management of its affairs;

(2) to adopt an official seal;

(3) to sue and be sued in its own name;

(4) to make contracts and execute all instruments necessary or convenient for the carrying on of its business;

(5) to acquire, own, hold, dispose of and encumber personal or real property of any nature or any interest therein in the exercise of its powers and performance of its duties under this section;

(6) to enter into agreements or transactions with any federal, state or municipal agency or other public institution or with any private individual, partnership, firm, corporation, association or other entity;

(7) to appear in its own behalf before boards, commissions, departments or other agencies of federal, state or municipal government;

(8) to appoint officers and to engage and employ employees, including legal counsel, consultants, agents and advisors and prescribe their duties and fix their compensation;

(9) to establish advisory boards to expand the participation and to draw on the experience of representatives from all aspects of the technology involved in a center or a proposed center including supporting organizations and industries such as finance and education;

(10) to procure insurance against any losses in connection with its property in such amounts, and from such insurers, as may be necessary or desirable;

(11) to invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in such investments as may be lawful for fiduciaries in the Commonwealth pursuant to sections thirty-seven and thirty-eight A of chapter twenty-nine.

(12) to accept, hold, use, apply and dispose of any and all donations, grants, bequests and devises, conditional or otherwise, of money, property, services or other things of value which may be received from the United States or any agency thereof, any governmental agency, any institution, person, firm or corporation, public or private, such donations, grants,

bequests and devises to be held, used, applied or disposed of for any or all purposes specified in this chapter and in accordance with the terms and conditions of any such grant. Receipt of each such donation or grant shall be detailed in the annual report of the corporation; such annual report shall include the identity of the donor or lender, the nature of the transaction and any conditions attaching thereto;

(13) to approve plans for the establishment of centers pursuant to the provisions of this section, and to construct, reconstruct, remodel, maintain, manage, lease, as lessee or lessor, such centers and to enter into contracts for the management and operations of such centers and to engage in any activity reasonably related thereto;

(14) to establish rules and regulations for the use by participating businesses and participating institutions of a center established pursuant to the provisions of this section;

(15) to determine the manner of support and participation in the programs of the corporation which are required of participating businesses and participating institutions, to enter into contracts or agreements setting forth the terms and conditions of such support and participation and to determine and designate those businesses and institutions which qualify as participating businesses and institutions;

(16) to fix and revise from time to time and charge rents and collect rates, rents, fees and charges for the use of a center or any portion thereof by participating institutions or participating businesses, or any other user;

(17) to prepare, publish and distribute, with or without charge as the corporation may determine, such technical studies, reports, bulletins and other materials regarding its facilities and activities as it deems appropriate;

(18) to provide, or make available, educational, training, testing and ancillary fabrication facilities and equipment, and to sell or otherwise dispose of products fabricated thereby and services available therefrom in furtherance of the purposes specified in this section;

(19) to exercise any other powers of a corporation organized under chapter one hundred fifty-six B; and

(20) to do any and all things necessary or convenient to carry out the purposes of this section.

(d) *Centers of Excellence Fund.*

There is hereby established a fund for carrying out the purposes of this chapter, hereinafter referred to as the "Centers of Excellence Fund", to which shall be credited the proceeds of any bonds or notes of the Commonwealth issued for this purpose, and any appropriations authorized by the general court specifically designated to be credited to the Centers of Excellence Fund.

The corporation shall hold the fund in an account or accounts separate from other funds. All appropriations, grants and other funds received by the corporation, and the proceeds of all investments, including the proceeds of investments of the fund, may be used to pay for the start-up expenses, project costs and current expenses of the corporation.

Unless otherwise specified, all monies of the corporation, from whatever

source derived, shall be paid to the treasurer of the corporation. Said monies shall be deposited in the first instance by the treasurer in one or more national banks, trust companies or banking companies in compliance with section thirty-four of chapter twenty-nine. Funds in such accounts shall be paid out on the warrant or other order of the treasurer of the corporation or of such other person or persons as the board may authorize to execute such warrant or warrants.

The Corporation shall draw upon the Centers of Excellence Fund to provide monies to fund the Centers of Excellence approved pursuant to section twelve (e).

(e) *Establishment of Centers of Excellence.*

The corporation shall establish the following four Centers of Excellence: (i) the Polymer Science Center; (ii) the Biotechnology Center; (iii) the Marine Science Center; and (iv) the Photovoltaics Center and take any and all action necessary or appropriate thereto, including disbursing available funds from the fund to meet the project costs and start-up expenses of such a center, only after (a) formulation of a detailed plan for the creation and operation of such a center; provided that the plan shall be supported by independently verifiable information; and provided further that the plan shall include, but not be limited to:

(1) a detailed description of the proposed center, including an analysis of all lands, structures, facilities, machinery, and equipment reasonably necessary for the successful operation thereof; an analysis of the feasibility of utilizing surplus state real property for such a center; and a statement of the proposed project costs reasonably associated with establishing such a center, with a detailed breakdown of such project costs, including an estimate of the cost to the commonwealth of the debt service on any bonds or notes issued or to be issued in support of such a center;

(2) a statement of the proposed annual start-up expenses, project costs and current expenses of the center for the first five years of its existence, including a detailed breakdown of such costs and expenses, with a reasonable projection of that portion of said costs and expenses which the corporation expects to meet through assistance provided by participating businesses, rates, rents, fees and charges imposed upon users and support from any other source;

(3) a description of the assistance to be provided to the corporation in support of the center by participating businesses and participating institutions, with evidence of such assistance and the terms and conditions thereof, if any;

(4) a description of the public benefits to be engendered by the center, including particularly an analysis of increased and enhanced employment and educational opportunities;

(5) a description of the proposed activities of the center, including the proposed utilization thereof by participating businesses and participating institutions;

(6) a proposal for a capital outlay appropriation from the commonwealth in support of the establishment of the center and such annual maintenance appropriations as may reasonably be required for the success-

ful operation of the center; and (b) the board has approved the establishment of the center described in the plan, having found and incorporated in it the following provisions that;

(1) the center as proposed in the plan will substantially further the basic purpose of this chapter to provide for the establishment and operation of centers for the education of qualified persons in a developing technology offering substantial employment opportunities in the commonwealth.

(2) there is no reasonable expectation that the center as proposed in the plan will duplicate the actual or proposed facilities or programs of a post-secondary educational institution or consortium of such institutions located within the commonwealth, or, to the extent that a possibility for such duplication may be found to exist, the center as proposed in the plan may reasonably be characterized as enhancing or supplementing the ability of such an institution or consortium of institutions to conduct such actual or proposed facilities or programs;

(3) the establishment and operation of the center as proposed in the plan are beyond the financial means of any single post-secondary educational institution or consortium of such institutions located in the commonwealth, either because the capital costs or operating costs associated therewith are prohibitive or because the capital costs or operating costs associated with maintaining such a center at a level consistent with developing technology are prohibitive;

(4) the corporation has received appropriate commitments from participating businesses and participating institutions to support the center and to maintain a continuing effort to support the center; provided, that the commitments from participating businesses for project costs and start-up expenses shall be for support which, in the aggregate, is equivalent in value to the amount of the proposed disbursement from the Centers of Excellence fund and which support includes provision of the equipment and machinery necessary and appropriate to establish the center as provided in the plan; provided, further, that the commitments from participating businesses to maintain a continuing effort to support the center shall include commitments to provide the equipment and machinery necessary and appropriate to ensure that the center is maintained at a level consistent with developing technology; provided, further, that the commitments from both participating businesses and participating institutions to maintain a continuing effort to support the center shall include commitments to provide qualified individuals from among the employees thereof to serve from time to time as instructors at the center; provided further, that the provision of equipment, machinery, instructors and support of any other kind by participating businesses and participating institutions shall be at no charge to the corporation; and provided, further, that the value of said equipment, machinery, instructors and other support shall be determined by the executive director of the corporation.

(c) submission by the board of the plan and findings formulated pursuant to this section to the governor, the president of the senate and the speaker of the house of representatives, the chairman of the senate committee on ways and means and the house committee on ways and means.

The secretary of the executive office of energy resources is hereby authorized to administer all programs and activities related to a photovoltaic center of excellence.

After the four Centers of Excellence enumerated above are clearly established, the Corporation may establish additional centers after finding a similar opportunity/need regarding another area of technology.

Each year, every center must submit to the MCEC Board an annual report demonstrating compliance with the purpose of this section with a new proposal indicating any changes in participation, objectives, funding requirements and whatever other factors the MCEC Board may specify. The MCEC Board shall approve such a proposal when it meets the criteria established in section twelve (e).

(f) *Annual Report.* The Corporation shall submit an annual report of its activities to the Governor within ninety days after the end of the fiscal year.

(g) *Annual Audit.* The books and records of the corporation shall be subject to an annual audit by the auditor of the commonwealth. (Added by 1984, 466, § 5, approved Jan. 7, 1985, effective 90 days thereafter.)

CHAPTER 40K

~~Massachusetts Product Development Corporation~~

1. Definitions.
2. Massachusetts Product Development Corporation; establishment; directors and officers; quorum; bond requirements; liability of board members and officers.
3. President of corporations; duties and authorized activities.
4. Perpetual succession of corporation; bylaws and regulations; termination.
5. Purpose and powers of corporation.
6. Applications for financial aid; investigation and report concerning advisability of approving aid; findings required before approval; notification of approval or denial; priority given to certain persons.
7. Annual report and financial statement submitted to Governor, etc.
8. Annual audit of books and records.
9. Exemption from franchise, corporate business and income taxes levied by state.
10. Interpretation in construction of powers set forth in chapter.

§ 1. Definitions.

The following terms as used in this chapter shall, unless the context clearly requires otherwise, have the following meanings:—

"Board", the board of directors of the corporation.

"Corporation", the Massachusetts Product Development Corporation.

"Financial aid", the infusion of risk capital to persons for use in the development and exploitation of specific inventions and products.

"Invention", any new process or new technique without regard to whether a patent has or could be granted.

"Person", any individual, partnership, corporation or joint venture carrying on business, or proposing to carry on business, within the state.

"Product", any product, device, technique or process, which is or may be exploitable commercially; such term shall not refer to pure research but shall be construed to apply to such products, devices, techniques or processes which have advanced beyond the theoretic stage and are readily capable of being, or have been, reduced to practice.

"Venture agreement", means without limitation, any contractual arrangement with any person whereby the corporation obtains rights from or in an invention or product or proceeds therefrom in exchange for the granting of financial aid to such person. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

Massachusetts Product Development Corporation; Establishment; Directors and Officers; Quorum; Bond Requirements; Liability of Board Members and Officers.

(a) There is hereby created a body politic and corporate to be known as

the Massachusetts Product Development Corporation. The corporation is hereby constituted a public instrumentality and the exercise by the [corporation of its powers is considered] to be the performance of an essential public function.

(b) The corporation is hereby placed in the executive office of economic affairs but shall not be subject to the supervision or control of said office or of any board, bureau, department or other agency of the commonwealth except as specifically provided in this chapter.

(c) The corporation shall be governed, and its corporate powers exercised, by a board of directors which shall consist of seven directors: the secretary of economic affairs and six directors appointed by the governor at least five of whom shall be knowledgeable and have favorable reputations for skill, knowledge, and experience in the areas of the commercial development of technological invention and new products.

Each board member appointed by the governor shall serve for a term of five years, except that in making the initial appointments the governor shall appoint two members to serve for one year, two to serve for three years and two to serve for five years.

Any person appointed to fill a vacancy in the office of a member of the board shall be appointed in a like manner and shall serve for the unexpired term of such member. Any member shall be eligible for reappointment. Any member may be removed from his office by the governor for cause.

(d) The directors shall annually elect one of their number as chairman and one as secretary. The board may elect such other officers of the board as it deems proper. Members shall receive no compensation for the performance of their duties hereunder but shall be reimbursed for necessary expenses incurred in the performance thereof.

(e) Four members of the board shall constitute a quorum and the affirmative vote of four directors shall be necessary and sufficient for any action to be taken by the board. No vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the board. Any action taken by the board may be authorized by resolution at any regular or special meeting and shall take effect immediately unless otherwise provided in the resolution. Notice of any meeting, whether special or regular, shall be given by telephone or orally, not less than forty-eight hours prior to the meeting. The board may delegate to one or more of its members, or its officers, agents and employees, such powers and duties as it may deem proper.

(f) The provisions of chapter two hundred and sixty-eight A shall apply to all directors, officers and employees of the corporation, except that the corporation may invest in, purchase from, sell to, borrow from, loan to, contract with or otherwise deal with any person or entity in which any director of the corporation is in any way interested or involved; provided, however, that such interest or involvement is disclosed in advance to the members of the board and recorded in the minutes of the board; and provided, further, that no director having such an interest or involvement may participate in any decision of the board relating to such person or entity.

(g) Neither the corporation nor any of its officers, agents, employees, consultants or advisors shall be subject to the provisions of sections nine A, ten, eleven, twelve, thirteen, fourteen, fifteen, sixteen, seventeen, eighteen, nineteen, twenty, twenty-one, twenty-two, twenty-three, twenty-four, twenty-five, twenty-six, twenty-seven, twenty-eight, twenty-nine, thirty, thirty-one, thirty-two, thirty-three, thirty-four, thirty-five, thirty-six and thirty-seven of chapter thirty, or, to chapter thirty-one.

(h) All officers and employees of the corporation having access to its cash or negotiable securities shall give bond to the corporation, at its expense in such amounts and with such surety as the board may prescribe. The persons required to give bond may be included in one or more blanket or scheduled bonds.

(i) Board members and officers who are not regular, compensated employees of the corporation shall not be liable to the commonwealth, to the corporation or to any other person as a result of their activities, whether ministerial or discretionary, as such board members or officers except for willful dishonesty or intentional violations of law. The board of the corporation may purchase liability insurance for board members, officers and employees and may indemnify said persons against claims of others. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

Editorial Note—

Bracketed material inserted by editor.

§ 3. President of Corporations; Duties and Authorized Activities.

The board shall appoint a president of the corporation who shall not be a member of the board and who shall serve at the pleasure of the board and shall receive such compensation as shall be determined by the board. The president shall be the chief administrative and operational officer of the corporation and shall direct and supervise the administrative affairs and the general management of the corporation. The president may employ such other employees as shall be designated by the board of directors, shall attend all meetings of the board, keep a record of all proceedings and maintain and be custodian of all books, documents and papers filed with the corporation and of the minute book of the corporation and of its official seal. He may cause copies to be made of all minutes and other records and documents of the corporation and may give certificates under the official seal of the corporation to the effect that such copies are true copies, and all persons dealing with the corporation may rely upon such certificates. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

§ 4. Perpetual Succession of Corporation; Bylaws and Regulations; Termination.

The corporation shall have perpetual succession and shall adopt, amend and repeal bylaws and regulations for the conduct of its affairs. Such succession shall continue until the existence of the corporation is terminated by law; provided, however, no such termination shall affect any existing contractual obligation of the corporation to assist any person and the commonwealth shall succeed to the obligations of the corporation under such contract. Upon termination of the corporation its rights and

properties shall pass to the commonwealth. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

§ 5. Purpose and Powers of Corporation.

The purpose of the corporation shall be to stimulate and encourage the development of new products within the commonwealth by the infusion of financial aid for invention and innovation in situations in which such financial aid would not otherwise be reasonably available from commercial sources, and for this purpose the corporation shall have the following powers:

(1) to have perpetual succession as a body corporate and to adopt bylaws, policies and procedures for the regulation of its affairs and conduct of its businesses as provided in section four;

(2) to enter into venture agreements with persons doing business in Massachusetts, upon such terms and on such conditions as are consistent with the purposes of this chapter, for the advancement of financial aid to such persons for the development of specific products, procedures and techniques, to be developed and produced in the state, and to condition such agreements upon contractual assurances that the benefits of increasing or maintaining employment and tax revenues shall remain in this state and shall accrue to it; provided, however, that such agreements do not give the corporation any ownership or ownership rights in the person or business which is developing said products, procedures, and techniques;

(3) to receive and accept aid or contributions from any source of money, property or labor or other things of value, to be held, used and applied to carry out the purposes of this chapter, subject to the conditions upon which such grants and contributions may be made, including but not limited to, gifts or grants from any department or agency of the United States or the commonwealth;

(4) to provide technical assistance to persons seeking to develop and produce products in this state which may include, but not be limited to, locating partners, businesses, or entrepreneurs interested in developing said product, securing private financing for the development and production of said product, and the evaluation of the commercial feasibility of said product;

(5) to acquire, lease, purchase, manage, hold, and dispose of real and personal property in the commonwealth and lease, convey, or deal in or enter into contracts with respect to such property on any terms necessary or incidental to the carrying out of these purposes;

(6) to hold patents, copyrights, trademarks or any other evidences of protection or exclusivity as to any products as defined herein, issued under the laws of the United States or any state or any nation;

(7) to employ such assistants, agents and other employees, and to engage consultants, attorneys and appraisers as may be necessary or desirable to carry out its purposes in accordance with this chapter;

(8) to make and enter into all contracts and agreements necessary or incidental to the performance of its duties and the execution of its powers under this chapter;

(9) to sue and be sued, plead and be impleaded, adopt a seal and alter the seal at pleasure;

(10) to procure insurance against any loss in connection with its property and other assets in such amounts and from such insurers as it deems desirable;

(11) to the extent permitted under its contract with other persons, to consent to any termination, modification, forgiveness or other change of any term of any contractual right, payment, royalty, contract or agreement of any kind to which the corporation is a party;

(12) invest any funds held in reserves or sinking funds, or any funds not required for immediate disbursement, in such investments as may be lawful for fiduciaries in the commonwealth;

(13) borrow money, provided that such indebtedness of the corporation shall be payable solely out of its own revenues and resources and shall not be an obligation of the state;

(14) appear on its own behalf before boards, commissions, departments or other agencies of municipal, state, or federal government;

(15) to do all acts and things necessary and convenient to carry out the purposes of this chapter. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

§ 6. Applications for Financial Aid; Investigation and Report Concerning Advisability of Approving Aid; Findings Required Before Approval; Notification of Approval or Denial; Priority Given to Certain Persons.

All applications for financial aid shall be forwarded, together with an application fee prescribed by the corporation, to the president of the corporation. The president, after preparing necessary records for the corporation, shall forward each application to the staff of the corporation, for an investigation and report concerning the advisability or approving the proposed financial aid for such applicant and concerning any other factors deemed relevant by the corporation. Such investigation and report shall include, but shall not be limited to, such facts about the company under consideration as its history, wage standards, job opportunities, stability of employment, past and present financial condition and structure, pro-forma income statements, present and future markets and prospects, integrity of management as well as the feasibility of the proposed product and invention to be granted financial aid, including the state of development of such product as well as the likelihood of its commercial feasibility. After receipt and consideration of the above report and after such other action as is deemed appropriate, the corporation shall approve or deny the application. Before approving any such application the board shall first find and incorporate in its minutes that:

(1) the person applying for financial aid has a clear and developed product concept or prototype:

(2) the product has a reasonable chance of being commercially successful;

(3) the financial aid provided by the corporation shall only be used to further commercialization of the product, including, but not limited to, the further design of the product, the construction of a prototype, the develop-

ment of a manufacturing process to produce the product, or to implement a marketing or distribution strategy for the product;

(4) financial aid by the corporation is necessary for the commercial development of the product because funding for such commercial development is unavailable in private capital markets, or because funding is only available on terms that would substantially hinder successful commercial development of the product; and

(5) the employment created or maintained by commercial development and production of the product will be in Massachusetts.

The applicant shall be promptly notified of the approval or denial of the application. In making the decision as to approval or denial of an application, the corporation shall give priority to those persons (a) whose businesses are likely to experience a loss of employment in their existing business or businesses due to declining markets, foreign competition, automation or other factors and (b) whose proposed product is to be used to maintain employment of all or part of the existing workforce and thus reduce the social and public costs of employment dislocation. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

§ 7. Annual Report and Financial Statement Submitted to Governor, etc.

The corporation shall annually submit a complete and detailed report of the corporation's activities including a complete operating and financial statement, within ninety days after the end of the fiscal year, to the governor, to the clerk of the house of representatives, and to the clerk of the senate. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

§ 8. Annual Audit of Books and Records.

The books and records of the corporation shall be subject to annual audit by the auditor of the commonwealth. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

§ 9. Exemption From Franchise, Corporate Business and Income Taxes Levied By State.

The corporation shall be and is hereby declared exempt from all franchise, corporate business and income taxes levied by the state; provided, however, that nothing herein shall be construed to exempt from any such taxes, or from any taxes levied in connection with the manufacture or sale of any products which are the subject of any agreement made by the corporation, any person entering into any agreement with the corporation. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

§ 10. Interpretation in Construction of Powers Set Forth in Chapter.

The powers set forth in this chapter shall be interpreted broadly to effectuate the purposes thereof and shall not be construed as a limitation of powers. (Added by 1984, 208, § 5, approved July 12, 1984; by § 16, effective February 1, 1985.)

1B

CHAPTER 26. THE LOUISIANA CAPITAL COMPANIES
TAX CREDIT PROGRAM

Sec.		Sec.	
1921.	Short title.	1927.	Decertification.
1922.	Policy statement.	1928.	Voluntary decertification.
1923.	Definitions.	1929.	Annual reports.
1924.	Investment tax credit.	1930.	Powers of the secretary.
1925.	Certification of a capital company.	1931.	Program initiation and termination.
1926.	Requirements for continuance of certification.		

§ 1921. Short title

This Chapter may be cited as the Louisiana Capital Companies Tax Credit Program.
Added by Acts 1983, No. 642, § 1.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

§ 1922. Policy statement

The Legislature finds that the rapidly changing national economy has resulted in a serious loss of revenue to the state and its citizens and a shrinking job market. In order to diversify and stimulate the economy of the state, to attract new jobs, to retain existing jobs, and to retain in the state the financial resources necessary to foster a growth economy, the legislature enacts this capital companies tax incentive program.

Added by Acts 1983, No. 642, § 1.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

§ 1923. Definitions

For the purposes of this Chapter, the following terms shall have the meanings provided herein, unless the context clearly indicates otherwise:

(1) "Capital company" means any partnership or corporation, whether organized on a profit or non-profit basis, that has as its primary business activity the investment of funds in return for equity in other companies that are in need of capital for survival, expansion, new product development, or similar business purposes and that may be certified by the secretary as meeting the criteria of this Chapter and thus eligible for the tax credit provided in this Chapter.

(2) "Department" means the Department of Commerce.

(3) "Louisiana business" means any business owned solely by a Louisiana resident, any partnership, association, or corporation domiciled in Louisiana, or any corporation, even if a wholly owned subsidiary of a foreign corporation, that does business primarily in Louisiana or does substantially all of its production in Louisiana. The department shall provide, by rule adopted in accordance with the Administrative Procedure Act, definitions of "primarily doing business in the state" and of "substantially all of its production."

(4) "Secretary" means the secretary of the Department of Commerce.

Added by Acts 1983, No. 642, § 1.

That" was substituted for "which" twice in par. (1) and once in par. (3) on authority of R.S. 24:253.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

§ 1921. Investment tax credit

A. A credit may be claimed by a person, either natural or artificial, against the person's Louisiana income tax in the year in which the department certifies to the Department of Revenue and Taxation that the person is qualified for the credit and in every year thereafter to the full income tax liability of the person until the credit is exhausted.

B. The credit shall be calculated by the department as thirty-five percent of the person's cash, not the value of property or services contributed, investment into a certified Louisiana capital company, if said company's initial capitalization at the time of seeking certification or within one year thereafter is at least three million dollars.

C. For each investment made by a capital company in a business located in a Louisiana Enterprise Zone there shall be an additional credit given to the owners, partners, or investors of the capital company equal to five percent of the amount invested in a company.

Added by Acts 1983, No. 642, § 1. Amended by Acts 1984, No. 891, § 1, eff. July 20, 1984.

The subsection designations and setting forth in separate paragraphs in this section as enacted in 1983, as well as the substitution of "that" for "which" in subsec. D, were made on authority of R.S. 24:253.

1984 Amendment: In subsec. B, substituted "thirty-five" for "twenty" and "at least three million dollars" for "three million dollars or more, up to a total of twenty million dollars"; deleted subsecs. C and D, which previously read:

"C. The credit shall be calculated as thirty-five percent of the cash investment in a case where the investment is in a certified Louisiana capital company of initial capitalization in excess of twenty million dollars.

"D. Owners, partners, investors or other recipients of the tax credit from a capital company that in the first year of its certification increases its capitalization over the twenty million dollar level shall have their tax credit recalculated at the new percentage."

The 1984 Amendment also redesignated former subsec. E as subsec. C; in subsec. C, deleted a comma following "Zone" and substituted "a company" for "the company".

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

§ 1925. Certification of a capital company

A. The department shall provide by rule or regulation in accordance with the provisions of the Administrative Procedure Act for the procedures for making an application for certification of a capital company.

B. The department, through the secretary, shall review the articles of incorporation or the articles of partnership of each applicant for certification and the business history of the applicant, determine that the capitalization is at least three million dollars, determine that the officers and board of directors or partners are thoroughly acquainted with the requirements of the capital companies tax credit program and the certification and decertification procedures, and shall review the existing investment structure of each applicant in order to advise them of the certification status of any of their present investments.

C. Within sixty days of application, the secretary shall issue the certification and notify the Department of Revenue and Taxation of said certification accompanied by a list of persons who may thereunder claim the tax credit or shall refuse the certification and detail to the applicant the grounds for the refusal, including suggestions for the removal of those grounds.

Added by Acts 1983, No. 642, § 1.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

§ 1926. Requirements for continuance of certification

A. To continue in certification, a capital company must:

(1) Invest at least thirty percent of its capitalization at the end of the initial four years in such a manner as to acquire equity in the companies in which the investments are made,

(2) Have invested fifty percent total in the same fashion at the end of seven years; and

(3) Have a total of seventy-five percent of its initial capitalization invested in the acquisition of equity at the end of nine years under the program.

B. At the fourth year, seventh year, and ninth year investment levels, at least sixty percent of the total investment of the capital company must be in Louisiana businesses in which the funds so invested were to be used solely for the purpose of enhancing their productive capacity or ability to do business within the state or to generate value added within the state to goods or services for export to out-of-state markets.

C. No investment in equity may be made at a cost to a capital company of greater than ten percent of the total assets under management of the capital company at the time of investment.

D. The use of invested funds by a Louisiana business for oil and gas exploration and development, for real estate development or appreciation, or for banking or lending operation shall not be counted for purposes of the continuance of certification.

E. Repealed by Acts 1984, No. 891, § 2, eff. July 20, 1984.

F. Documents and other materials submitted by capital companies or by Louisiana businesses for purposes of the continuance and certification shall not be public records if such records are determined to be trade or business secrets and shall be maintained in a secured environment by the assistant secretary.

Added by Acts 1983, No. 642, § 1. Amended by Acts 1984, No. 891, § 1, eff. July 20, 1984.

A colon was inserted after "must", pars. (1) to (3) were set out as separate paragraphs, capitalizations were made accordingly, and a semicolon was substituted for comma after "seven years" in subsec. A on authority of R.S. 24:253.

1984 Amendment: Acts 1984, No. 891, § 1, rewrote subsec. F, which previously read:

"F. Documents and other materials submitted by capital companies or by Louisiana businesses seeking approval of an investment for purposes of the continuance and certification shall not be public records until sixty days after the investment is consummated. If the investment is not consummated, the records shall remain confidential. In either case, material that is determined to be trade or business secrets shall not become a public record and shall be

maintained in a secured environment by the assistant secretary."

Acts 1984, No. 891, § 2 repealed subsec. E of this section which read:

"The secretary shall by rule or regulation adopted in accordance with the Administrative Procedure Act provide for a review of potential investments submitted to them by the capital companies participating in the program as to the propriety under the program of a particular investment. At a minimum, a capital company should receive a letter of approval or disapproval of the proposed investment within thirty days of submission of the materials necessary for the assistant secretary to make the evaluation."

Library References

Taxation Ⓒ1047.

C.J.S. Taxation § 1098.

§ 1927. Decertification

A. The secretary shall conduct an annual review of each capital company certified under the program to determine if the capital company is abiding by the requirements of certification, to advise the capital company as to the certification status of its investment, and to ensure that no investment has been made in violation of R.S. 51:1926(C). The fee of the annual review shall be paid by each capital company according to a reasonable fee schedule adopted under the provisions of the Administrative Procedure Act.

B. Any violation of R.S. 51:1926(C) shall be grounds for decertification under this Section. At the end of the fourth year, seventh year, and ninth year of each company's

participation in the tax credit program, if the secretary determines that a company is not in compliance with any requirements for continuing in certification, he shall, by written notice, inform the officers of the company and the board of directors or partners that they will be decertified in one hundred and twenty days from the date of mailing of the notice unless they correct the deficiencies and are once again in compliance with the requirements for certification.

C. At the end of the one hundred and twenty day grace period, if the capital company is still not in compliance, the secretary shall send a notice of decertification to the company and to the secretary of the Department of Revenue and Taxation. Decertification of a capital company shall cause the forfeiture of any right or interest to a tax credit under the program and shall cause the total amount of tax credit previously claimed by persons under the program to be due and payable with that year's income tax liability. These amounts are due notwithstanding the fact that the years for which the credits were originally taken may have prescribed.

D. The Department of Revenue and Taxation shall send written notice to the address of each person whose tax credit has been forfeited, using the address last shown on the person's last income tax filing.

Added by Acts 1983, No. 642, § 1.

Library References

Taxation Ⓒ1047.

C.J.S. Taxation § 1098.

§ 1928. Voluntary decertification

At any time a capital company may voluntarily decertify itself by sending written notice of decertification to the secretary and by remitting to the secretary of the Department of Revenue and Taxation full payment of all tax credits claimed by investors under its participation in the certification program. These amounts are due notwithstanding the fact that the years for which the credits were originally taken may have prescribed. Thereafter, the company shall be a full subrogee to the state of Louisiana through the Department of Revenue and Taxation for such sums as were remitted by the company against its investors or equity owners.

Added by Acts 1983, No. 642, § 1.

Library References

Taxation Ⓒ1047.

C.J.S. Taxation § 1098.

§ 1929. Annual reports

A. The secretary of the Department of Commerce shall report annually to the governor and to each house of the legislature and to each certified capital company detailing:

- (1) The number of capital companies;
- (2) The total tax credit generated;
- (3) The total investments made under the program;
- (4) The total investments in Louisiana businesses;
- (5) An estimate of jobs created or preserved under the program; and
- (6) An estimate of the multiplier effect on the economy of the program.

B. Additionally, the secretary shall attempt to evaluate the success or lack of success of the program and may include specific recommendations for legislation.

Added by Acts 1983, No. 642, § 1.

The first sentence was designated subsec. A, a colon was inserted after "detailing", pars. (1) to (6) were made separate paragraphs and capitalizations were made accordingly, semicolons were substituted for commas at the end of pars. (1) to (6), and the second sentence was designated sub-

sec. B and made a separate paragraph all on authority of R.S. 24:253.

Library References

Taxation 1047.
C.J.S. Taxation § 1098.

§ 1930. Powers of the secretary

The secretary, in addition to other grants of authority to promote the industrial development of the state, is hereby authorized to serve as a clearinghouse for information relevant to potential incorporators or organizers of capital companies and for the locating and promoting of Louisiana businesses seeking infusions of capital from transfers of equity.

Added by Acts 1983, No. 642, § 1.

Library References

Taxation 1047.
C.J.S. Taxation § 1098.

§ 1931. Program initiation and termination

The secretary shall not certify a capital company under the program until July 1, 1984, and shall not certify a capital company to begin the program later than December 31, 1989.

Added by Acts 1983, No. 642, § 1.

Library References

Taxation 1047.
C.J.S. Taxation § 1098.

CHAPTER 27. MOTOR VEHICLE WARRANTIES

Sec.	Sec.
1941. Definitions.	1944. Motor vehicle replacement or refund.
1942. Manufacturer's duty to repair; nonconformity.	1945. Transfer of title; time limitation.
1943. Express warranties; time limit to conform.	1946. Other remedies.
	1947. Attorney fees [New].

Another Chapter 27, containing R.S. 51:1950 to 51:1954, added by Acts 1984, No. 632, § 2, was redesignated as Chapter 28 on authority of R.S. 24:253.

Another Chapter 27, containing R.S. 51:1951 to 51:1956, added by Acts 1984, No. 744, § 1, was redesignated as Chapter 29, containing R.S. 51:1961 to 51:1966, on authority of R.S. 24:253.

Another Chapter 27, containing R.S. 51:2001 to 51:2002, added by Acts 1984, No. 889, § 1, was redesignated as Chapter 30 on authority of R.S. 24:253.

§ 1941. Definitions

The following definitions apply when used in this Chapter:

(1) "Collateral costs" means sales tax, license fees, and registration fees and any similar governmental charges.

(2) "Consumer" means:

(a) the purchaser other than for purposes of resale of a new motor vehicle normally used for personal, family, or household purposes and subject to a manufacturer's express warranty;

(b) A person to whom a motor vehicle is transferred during the duration of an express warranty applicable to the motor vehicle; and

(c) Any other person entitled to enforce the warranty.

(3) "Dealer" means a person authorized by the manufacturer and actively engaged in the business of buying, selling, or exchanging new automobiles at retail and who has an established place of business.

(4) "Manufacturer" means any person, firm, association, corporation, or trust, resident or nonresident, who manufactures or assembles new and unused motor vehicles.

(5) "Manufacturer's express warranty" and "warranty" mean the written warranty of the manufacturer of a new motor vehicle of its condition and fitness for use, including any terms or conditions precedent to the enforcement of an obligation under that warranty.

(6) "Motor vehicle" means a passenger motor vehicle or a passenger and commercial motor vehicle as defined in R.S. 32:1252(1), sold in this state on or after September 1, 1984. For the purposes of this Chapter the following motor vehicles are excluded:

(a) Motor vehicles 10,000 GVW or above, and

(b) Motor vehicles used exclusively for commercial purposes.

(7) "Nonconformity" means any specific or generic defect or malfunction, or any defect or condition which substantially impairs the use and/or market value of a motor vehicle.

Added by Acts 1984, No. 228, § 1.

¹In par. (6) "passenger and commercial" is as it appears in the enrolled act.

In this section as enacted in 1984, on authority of R.S. 24:253, subparagraph designations, and attendant capitalization and punctuation changes, in pars. (2) and (6), were made; in par. (5), quotation marks were inserted following "express warranty" and preceding "warranty mean", "mean" was substituted for "means" and "an" was inserted preceding "obligation".

Law Review Commentaries

New "Lemon Laws": Expanding UCC remedies. Robert D. Honigman, 17 UCC L.J. 116 (1984).

Title of Act:

An Act to enact Chapter 27 of Title 51 of the Louisiana Revised Statutes of 1950, to be com-

§ 1942. Manufacturer's duty to repair; nonconformity

If a new motor vehicle does not conform to an applicable express warranty, and the consumer reports the nonconformity to the manufacturer or any of its authorized motor vehicle dealers and makes the motor vehicle available for repair before the expiration of the warranty or during a period of one year following the date of the original delivery of the motor vehicle to a consumer, whichever is the earlier date, the manufacturer, its agent, or its authorized dealer shall make such repairs as are necessary to conform the vehicle to such warranty, notwithstanding the fact that such repairs are made after the expiration of such terms or such one-year period.

Added by Acts 1984, No. 228, § 1.

In this section as enacted in 1984, a comma was inserted following "express warranty" on authority of R.S. 24:253.

§ 1943. Express warranties; time limit to conform

A. It shall be presumed that a reasonable number of attempts have been undertaken to conform a motor vehicle to the applicable express warranties if the vehicle is out of service by reason of repair for a cumulative total of thirty or more calendar days or the

Cross-References

Trustee accounts, Title 72, ch. 20, part 4.

90-7-307. Conveyance of title to health institution. When the principal and interest on bonds issued by the authority to finance the cost of eligible health facilities or to refinance outstanding indebtedness of one or more participating health institutions, including any refunding bonds issued to refund and refinance such bonds, have been fully paid and retired or when adequate provision has been made to fully pay and retire the same and all other conditions of the resolution, lease, trust indenture, and mortgage or deed of trust or any other form of security arrangement, if any, authorizing and securing the same have been satisfied and the lien of the mortgage or deed of trust or any other form of security arrangement has been released in accordance with the provisions thereof, the authority shall promptly convey its interest in the facilities and any other facilities mortgaged or subject to deed of trust or any other form of security arrangement to secure the bonds to the participating health institution or institutions.

History: En. Sec. 21, Ch. 703, L. 1983.

90-7-308 through 90-7-310 reserved.

90-7-311. Pledge of state not to impair — to administer. In accordance with the constitutions of the United States and the state of Montana, the state pledges that it will not in any way impair the obligations of any agreement between the authority and the holders of notes and bonds issued by the authority, including but not limited to an agreement to administer a loan program financed by the issuance of bonds, and to employ a staff sufficient and competent for this purpose.

History: En. Sec. 24, Ch. 703, L. 1983.

Cross-References

Ex post facto, obligation of contracts, and ex revocable privileges, Art. II, sec. 31, Mont. Const.

Prohibition against impairment of contracts, Art. II, sec. 31, Mont. Const.
Montana Health Facility Authority, 2-15-1815.

90-7-312. Pledge of revenue, money, or property — validity. Any pledge made by the authority is valid and binding from the time the pledge is made. The revenue, money, or property pledged and received by the authority is immediately subject to the lien of the pledge without any physical delivery or further act. The lien of any pledge is valid and binding against all parties having claims of any kind, whether in tort, contract, or otherwise, against the authority, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created is required to be recorded.

History: En. Sec. 25, Ch. 703, L. 1983.

CHAPTER 8**MONTANA CAPITAL COMPANY ACT****Part 1 — General Provisions****Section**

90-8-101. Short title.

90-8-102. Declaration of policy.

- 90-8-103. Purpose.
90-8-104. Definitions.
90-8-105. Rulemaking.

**Part 2 — Tax Credits
Investments in Capital Company**

- 90-8-201. Certification of Montana capital companies.
90-8-202. Designation of qualified Montana capital companies — tax credit.
90-8-203. No recapture — unqualified investments.
90-8-204. Application requirements.
90-8-205. State liability disclaimed.

Part 3 — Regulation of Capital Companies

- 90-8-301. Qualified investments — penalty.
90-8-302. Restriction on investment.
90-8-303. Conflict of interest.
90-8-304. Application of securities law.
90-8-305 through 90-8-310 reserved.
90-8-311. Legislative review and oversight.
90-8-312. Investment reporting and recordkeeping.
90-8-313. Examination.
90-8-314 through 90-8-320 reserved.
90-8-321. Decertification.

Chapter Cross-References

Functions of Department of Commerce — economic development, 90-1-105.

Part 1**General Provisions**

90-8-101. Short title. This chapter may be cited as the "Montana Capital Company Act".

History: En. Sec. 1, Ch. 554, L. 1983.

90-8-102. Declaration of policy. (1) The legislature finds and declares that:

(a) economic insecurity due to unemployment is a serious menace to the health, safety, and general welfare of not only the affected people but of the people of the entire state;

(b) involuntary unemployment, with its resulting burden of indigency, falls with crushing force upon unemployed workers and ultimately on the state itself in the form of public assistance and unemployment compensation payments; and

(c) unemployment causes a migration of Montana workers and families seeking jobs and establishing homes elsewhere, which deprives the state of its most valuable resource, its people, and reduces the tax base of local governments, impairing their ability to provide basic services.

(2) (a) The legislature further finds that the best method of combating unemployment and protecting Montana against the loss of its people is by promoting, stimulating, developing, rehabilitating, and revitalizing the business prosperity and economic welfare of the state and its citizens.

(b) To accomplish this goal, the legislature seeks to encourage the formation of venture and equity capital in Montana for use in diversifying, strengthening, and stabilizing the Montana economy by increasing Montana employment and business opportunities while protecting the people's constitutional right to a clean and healthful environment.

(3) The legislature further finds that:

(a) private investment of venture and equity capital in the Montana economy will be encouraged and promoted by making tax credits available to taxpayers investing in Montana capital companies;

(b) demands on state revenues restrict the financial ability of the state to make unlimited tax credits available for investment purposes and require that the state place reasonable limits on the total amount of tax credits to be made available for investment incentive;

(c) establishment of a rational tax credit program which gives priority to investments in capital companies in the order in which they are qualified will encourage prompt private investment in Montana businesses.

History: En. Sec. 2, Ch. 554, L. 1983.

90-8-103. Purpose. (1) The purpose of this chapter is to promote the development of the human resources and the diversification of the economy of Montana. The venture capital generated by this chapter must be used to encourage and assist the strengthening of the economy through loans, equity investments, and other business transactions for purposes of developing new small business and industry in Montana, rehabilitating existing small business and industry, and stimulating and assisting in the expansion of small business activities that promote and maintain the economic stability of the state by providing maximum opportunities for employment of Montanans and improving the standard of living of the people of Montana.

(2) This chapter is aimed at:

(a) increasing the availability of development capital in order to encourage and assist in the creation, development, and expansion of small businesses based in Montana;

(b) aiding those businesses to which risk and equity financing are not readily or fully available through traditional sources, including those owned and operated by women and minorities;

(c) developing, preserving, diversifying, expanding, and strengthening the agricultural, industrial, and business base of Montana's economy, particularly for those small businesses utilizing the state's technical, managerial, and research resources in domestic and international markets; and

(d) providing the residents of Montana with greater opportunities to invest and participate in the economic development and potential of the state.

History: En. Sec. 3, Ch. 554, L. 1983.

90-8-104. Definitions. As used in this chapter, unless the context requires otherwise, the following definitions apply:

(1) "Board" means the Montana economic development board provided for in 2-15-1805.

(2) "Capital base" means equity capital or net worth.

(3) "Certified Montana capital company" means:

(a) a development credit corporation created pursuant to Title 32, chapter 4; or

(b) a profit or nonprofit entity organized and existing under the laws of Montana, created for the purpose of making venture or risk capital available for qualified investments and that has been certified by the board.

(4) "Montana business" means a business which is located or principally based within Montana.

(5) "Qualified investment" means a debt or equity financing of or a purchase and leaseback financing of a Montana business that meets both of the following criteria:

(a) the business is engaged in one or more of the following activities:

(i) manufacturing;

(ii) agricultural, fishery, or forestry production and processing;

(iii) mineral production and processing, except for conventional oil and gas exploration;

(iv) recognized nonfossil forms of energy generation as defined in 15-32-102(5);

(v) transportation;

(vi) research and development of products or processes associated with any of the activities enumerated in (i) through (v) above;

(vii) wholesale or retail distribution activities for which products produced in Montana comprise 50% or more of the gross sales receipts;

(viii) any activity conducted in the state for which 50% or more of the gross receipts are derived from the sale of products or services outside Montana; and

(ix) tourism; and

(b) the business is a small business as defined in rules adopted by the board.

(6) "Qualified Montana capital company" means a certified Montana capital company that has been designated a qualified capital company under the provisions of 90-8-202 so that investors in the company may receive the tax credits authorized in 90-8-202.

History: En. Sec. 4, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted references to the Montana

Economic Development Board for references to the Department of Commerce.

90-8-105. Rulemaking. The board may adopt rules to implement the provisions of this chapter.

History: En. Sec. 17, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted reference to the Montana Economic Development Board for reference to the Department of Commerce.

Cross-References

Adoption and publication of rules, Title 2, ch. 4, part 3.

Part 2

Tax Credits Investments in Capital Company

90-8-201. Certification of Montana capital companies. (1) Every 6 months, commencing January 1, 1984, or 3 months after rules are adopted to

implement this chapter, whichever occurs first, the board shall certify Montana capital companies. A company seeking to be certified as a Montana capital company must make written application to the board on forms provided by the board. The application must contain the information required by 90-8-204 and such other information as the board requires. The application and certificate must specify the level of capitalization that the company expects to qualify for the tax credits provided for in 90-8-202.

(2) The application must show that the applicant's purpose is to encourage and assist in the creation, development, and expansion of Montana-based businesses and to provide maximum opportunities for the employment of Montanans by making venture capital available to sound small Montana firms.

(3) Certifiable applicants include but are not limited to local and community development corporations, small business administration 503 corporations, and small business investment companies.

(4) Certification is a prerequisite to and must be completed before seeking designation as a qualified capital company.

History: En. Sec. 5, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted references to the Montana Economic Development Board for references to the Department of Commerce.

Cross-References

Securities regulation — capital companies exempt from salesman and issuer registration provisions, 30-10-105.

90-8-202. Designation of qualified Montana capital companies — tax credit. (1) The board shall designate as qualified Montana capital companies those certified companies that have been privately capitalized at a minimum level of \$200,000. A certified company seeking designation as a qualified Montana capital company must make written application to the board on forms provided by the board. The application must contain the information required by 90-8-204 and such other information as the board requires.

(2) The total amount of tax credits authorized for a single qualified company may not exceed \$375,000. In the event the capitalization of the company is later increased, the company may apply for authorization of additional tax credits within the foregoing limitation. The total credits authorized for all companies may not exceed a total of \$1 million prior to June 30, 1985. The total credits authorized for all companies between July 1, 1985, and June 30, 1987, may not exceed \$1 million plus any portion of the \$1 million available for authorization before June 30, 1985, that is allocated to qualified companies. The credits shall be allocated to qualified companies in the order that completed applications for designation as qualified capital companies are received by the board, and the board shall certify to each such company its appropriate allocation.

(3) Investors in a qualified Montana capital company are entitled to the tax credits provided for in subsection (4). Funds invested in a certified company prior to designation as a qualified Montana capital company may, at the discretion of the investor, be placed in an escrow account in a Montana financial institution pending designation of the company as a qualified Montana capital company.

(4) Subject to the provisions of subsection (2), an individual, small business corporation, partnership, or corporate taxpayer who makes a capital investment in a qualified Montana capital company is entitled to a tax credit equal to 25% of the investment, up to a maximum credit of \$25,000 per taxpayer. The credit may be taken against the tax liability imposed on the investor pursuant to Title 15, chapter 30 or 31. The credit for investments by a small business corporation electing to be taxed under 15-31-202 or a partnership may be claimed by the small business corporation shareholders or the partners.

(5) The tax credit allowed under subsection (4) is to be credited against the taxpayer's income tax liability for the taxable year in which the investment in a qualified Montana capital company is made. If the amount of the tax credit exceeds the taxpayer's tax liability for the taxable year, the amount of the credit which exceeds the tax liability may be carried back or carried forward in accordance with the provisions of section 46(b) of the Internal Revenue Code of 1954, as amended.

(6) The tax credit provided for in this section is available only to those taxpayers who invest in a qualified Montana capital company within 5 years of April 18, 1983.

History: En. Sec. 6, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted references to the Montana

Economic Development Board for references to the Department of Commerce.

90-8-203. No recapture — unqualified investments. If the amount invested by a taxpayer in a qualified Montana capital company is not used by the company for qualified investments as provided in 90-8-301, the taxpayer is not subject to a recapture provision for any tax credit claimed by him but the company is subject to the penalty provided for in 90-8-301(3).

History: En. Sec. 7, Ch. 554, L. 1983.

90-8-204. Application requirements. A company applying to become either a certified or qualified Montana capital company shall include in its application evidence that it has disclosed or will disclose to all investors the following:

(1) the condition that a tax credit is not available for investment in a company until the company has been designated a qualified Montana capital company and the investor has received a certificate approving the credit from the board;

(2) the condition that a tax credit will not be made available until the company raises at least \$200,000 in capital, and has been designated a qualified capital company, and the limits on tax credits that may be authorized; and

(3) the fact that the state of Montana is not liable for damages in accordance with 90-8-205.

History: En. Sec. 16, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted reference to the Montana Economic Development Board for reference to the Department of Commerce.

90-8-205. State liability disclaimed. The state of Montana may not be held liable for any damages to an investor in a Montana capital company that fails to become designated as a certified or qualified Montana capital company.

History: En. Sec. 15, Ch. 554, L. 1983.

Part 3

Regulation of Capital Companies

90-8-301. Qualified investments — penalty. (1) A qualified Montana capital company receiving investments for which a taxpayer has applied and received a tax credit must use its capital base to make qualified investments according to the following schedule:

(a) at least 30% of its capital base within 3 years of the date on which the certified company was designated as a qualified capital company by the board;

(b) at least 50% of its capital base within 4 years of the date on which the certified company was designated as a qualified capital company by the board; and

(c) at least 70% of its capital base within 5 years of the date on which the certified company was designated as a qualified capital company by the board.

(2) Following each annual examination, the commissioner of financial institutions shall notify the department of revenue of any companies that are not in compliance with this section.

(3) A qualified Montana capital company that fails to make qualified investments pursuant to subsection (1) shall pay to the department of revenue a penalty equal to all of the tax credits allowed to the taxpayers investing in that company during that time period, with interest at 1% a month from the date the tax credits were certified as allocated to the qualified Montana capital company. The department of revenue may abate the penalty if the capital company establishes reasonable cause for the failure to make qualified investments pursuant to subsection (1) and that the failure was not due to neglect on the part of the company. The department of revenue shall deposit any amount received under this subsection to the credit of the state general fund.

History: En. Sec. 7(2)-(4), Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted references to the Montana

Economic Development Board for references to the Department of Commerce.

90-8-302. Restriction on investment. No more than 50% of the equity raised by a Montana capital company under this chapter may be invested in any one Montana business, and no more than 25% of the total funds raised for which tax credits were claimed pursuant to the investment credit provisions of this chapter may be invested in any one Montana business.

History: En. Sec. 9, Ch. 554, L. 1983.

90-8-303. Conflict of interest. (1) The members of the board, the commissioner of financial institutions, or a bank examiner may not have a

monetary interest in or be a borrower from any Montana capital company, either directly or indirectly.

(2) A member of the investment committee of a Montana capital company who has an interest in a venture that comes before the committee for a vote shall disclose such interest and abstain from voting on investment in the venture.

History: En. Sec. 10, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted reference to the Montana Economic Development Board for reference to the Department of Commerce.

90-8-304. Application of securities law. In lieu of registration under Title 30, chapter 10, a Montana capital company may file all disclosure documents, along with a consent to service of process, with the state securities commissioner. The commissioner may not charge a fee for such filing or deposit.

History: En. Sec. 14, Ch. 554, L. 1983.

90-8-305 through 90-8-310 reserved.

90-8-311. Legislative review and oversight. The board shall report on an annual basis to the revenue oversight committee of the legislature concerning Montana capital companies.

History: En. Sec. 11, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted reference to the Montana Economic Development Board for reference to the Department of Commerce.

Cross-References

Powers and duties of Revenue Oversight Committee, 5-18-107.

90-8-312. Investment reporting and recordkeeping. (1) Each qualified Montana capital company shall report to the board on a quarterly basis:

(a) the name of each investor in the qualified Montana capital company who has applied for a tax credit;

(b) the amount of each investor's investment; and

(c) the amount of the tax credit allowed to the investor and the date on which the investment was made.

(2) The board shall provide the information contained in subsection (1) to the department of revenue on a quarterly basis.

(3) The board shall provide each investor in a qualified Montana capital company with a certificate authorizing the tax credit, and the certificate shall be submitted with each tax return requesting a credit under 90-8-202.

(4) Each qualified Montana capital company shall report to the board on a quarterly basis all qualified investments that the company has made. The board shall share the information with the department of revenue, in order that the provisions of 90-8-301 may be complied with.

History: En. Sec. 8, Ch. 554, L. 1983; amd. Sec. 18, Ch. 554, L. 1983.

Compiler's Comments

1983 Amendment: Section 18(1), Ch. 554, L. 1983, substituted references to the Montana

Economic Development Board for references to the Department of Commerce.

90-8-313. Examination. (1) At least once a year the bank examiners of the department of commerce shall examine the books and affairs of each

Montana capital company. The examination must address the methods of operation and conduct of the business of the Montana capital company to determine if the company is abiding by the purposes of this chapter and that the funds received by the company have been invested within the time limits required for a qualified Montana capital company in 90-8-301.

(2) The department of commerce may examine under oath any of the officers, directors, agents, employees, or investors of a Montana capital company regarding the affairs and business of the company. The department of commerce may issue subpoenas and administer oaths. Refusal to obey such a subpoena may at once be reported to the district court of the district in which the company is located, and the court shall enforce obedience to the subpoena in the manner provided by law.

(3) The cost of the annual review must be paid by each Montana capital company in accordance with reasonable fees assessed by the department.

History: En. Sec. 12, Ch. 554, L. 1983.

Cross-References

Functions of State Banking Board and Department of Commerce, Title 32, ch. 1, part 2.

90-8-314 through 90-8-320 reserved.

90-8-321. Decertification. (1) If the examination conducted pursuant to 90-8-313 discloses that a Montana capital company is not in compliance with the provisions of this chapter, the department of commerce may exercise any of the powers with regard to banks granted in Title 32, chapter 1, part 5, and may seize the assets of the company and liquidate it. In the event of liquidation of the assets, any penalty imposed pursuant to 90-8-301 shall be included in the claims to be paid.

(2) If in the discretion of the department of commerce the action allowed under subsection (1) is not required to protect the company's investors, the department may place the company on notice that it will lose its certification as a Montana capital company within a specified period of time if the company does not come into compliance with the provisions of this chapter.

(3) As long as the department acts in good faith, the department and its employees and agents may not be held civilly or criminally liable or liable upon their official bonds for action taken under this section or for any failure to act under it.

History: En. Sec. 13, Ch. 554, L. 1983.

CHAPTERS 9 AND 10

RESERVED

CHAPTER 11

INDIAN AFFAIRS PLANNING AND COORDINATION

Part 1 — State Coordinator of Indian Affairs

Section

90-11-101. Legislative policy.
90-11-102. Duties and assistance.

Chapter Cross-References

Compact with the United States, Art. I, Mont. Const.

Educational goals and duties -- preservation of Indian heritage and culture, Art. X, sec. 1, Mont. Const.

Cession and retrocession of jurisdiction over Blackfeet highway, 2-1-206.

Jurisdiction on Indian lands, Title 2, ch. 1, part 3.

Federal funds for welfare of Indians, 17-3-107.
State-tribal cooperative agreements, Title 18, ch. 11.

Tribal agreement with district for Indian child compulsory attendance and other agreements, 20-5-108.

Indians -- nonpayment of fees, 20-25-505.

Montana Historical Society -- authority of Board, 22-3-107.

Sale of imitation Indian articles, Title 30, ch. 14, part 6.

Solemnization of Indian marriage, 40-1-301.

Parent-child legal relationship termination -- not to disentitle to tribal benefits, 41-3-611.

Prisoners -- supervised release program -- Indian tribe as sponsor, 46-23-401.

Vital statistics -- disclosure to determine tribal enrollment, 50-15-112, 50-15-206.

Indian and federal water rights, Title 85, ch. 2, part 7.

Agreement with Indians concerning hunting and fishing -- Indian treaty of 1855, 87-1-228.

Part 1

State Coordinator of Indian Affairs

Part Cross-References

Office of State Coordinator of Indian Affairs, Department of Commerce, 2-15-1813.

90-11-101. Legislative policy. (1) Whereas, a considerable portion of the citizens of the state of Montana are members of the Indian race; and

(2) Whereas, in the course of the past 80 years these Indian citizens of the state of Montana have been driven from their native valleys and plains and are at present living and residing upon reservations set apart for such purposes by the United States of America, and by virtue of that isolation and of supervision by the federal government, great problems of economic and social significance have arisen and presently exist, and no suitable progress has been made to solve such problems by reason of the fact that the Indians and those who are attempting to aid them in the solution of their problems have never been able to present a coordinated and united effort in solving such problems; and

(3) Whereas, it is hereby declared that it is the legislative policy of this state that the best interests of the Indians will be served by the fostering of a program which is designed to establish and place our Indian citizens in a position to take their rightful place in our society and assume the rights, duties, and privileges of full citizenship and as Indians, it is therefore necessary that a state office of the coordinator of Indian affairs be established so that the problems of the Indians of Montana can be approached and reconciled from a state level in cooperation with the United States of America; and

(4) Whereas, agencies of the federal government retain jurisdiction on Indian reservations in the state of Montana of the administration of economic, social, health, education, and welfare programs for Indians; and

(5) Whereas, Indians who reside off reservations generally qualify for participation in federal programs but are often prohibited from voting on tribal affairs and for tribal officers; and

Formerly:
IC 6-3-3.4-1.

Library References
Taxation \approx 1047.
C.J.S. Taxation \S 1098.

6-3.1-5-2 Definitions

Sec. 2. As used in this chapter:

"New partnership interest" means either a general or a limited partnership interest in a limited partnership if the interest is acquired by the taxpayer from the limited partnership.

"New stock" means a share or shares of stock of a corporation if the stock, when purchased by the taxpayer, is authorized but unissued.

"Qualified entity" means the state corporation, and any other corporation or limited partnership in which the state corporation purchases, before January 1, 1984, new stock or a new partnership interest under section 7(d) of this chapter.

"Qualified investment" means new stock or a new partnership interest in a qualified entity, which stock or interest is purchased by the taxpayer solely for cash.

"State corporation" means the corporation organized under sections 7 and 8 of this chapter.

"State tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (3) IC 6-3-8 (the supplemental net income tax);
- (4) IC 6-5-10 (the bank tax);
- (5) IC 6-5.1 (the intangibles tax);
- (6) IC 6-5-11 (the savings and loan association tax); and
- (7) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Taxpayer" means any person, corporation, partnership, or other entity that has any state tax liability. *As added by P.L.51-1984, SEC.1.*

Formerly:
IC 6-3-3.4-2.
P.L.23-1983, SEC.6.

Library References
Taxation \approx 1047.
C.J.S. Taxation \S 1098.

6-3.1-5-3 Purchase of qualified investment in qualified entity; entitlement years

Sec. 3. Subject to section 6 of this chapter, a taxpayer is entitled to a credit against any state tax liability which may be imposed on the taxpayer for a particular taxable year that begins after December 31, 1981, if the taxpayer purchases a qualified investment in a qualified entity. However, a taxpayer may only receive a credit for qualified investments purchased during calendar years 1981, 1982, and 1983. *As added by P.L.51-1984, SEC.1.*

Formerly:
IC 6-3-3.4-3.

Library References
Taxation \approx 1047.
C.J.S. Taxation \S 1098.

3.1-5-4 Amount of credit; determination steps

Sec. 4. Subject to section 6 of this chapter, the amount of the credit that a taxpayer may receive under this chapter for a particular taxable year is equal to the lesser of the taxpayer's state tax liability for that taxable year, or the amount determined in STEP THREE of the following steps:

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STEP ONE: Add the consideration paid for all qualified investments the taxpayer purchased during that taxable year.

STEP TWO: Multiply the amount determined in STEP ONE by three-tenths (0.3).

STEP THREE: Add the product determined in STEP TWO to the credit carryover, if any, to which the taxpayer is entitled for the taxable year under section 5 of this chapter.

As added by P.L.51-1984, SEC.1.

Formerly:
IC 6-3-3.4-4.

Library References
Taxation \approx 1047.
C.J.S. Taxation \S 1098.

6-3.1-5-5 Carryover of excess credit

Sec. 5. (a) If the amount determined under STEPS ONE through THREE of section 4 of this chapter for a particular taxpayer and a particular taxable year exceeds the taxpayer's state tax liability for that taxable year, then the taxpayer may carry the excess over to the immediately succeeding taxable years. However, the credit carryover may not be used for any taxable year that begins on or after January 1, 1987. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(b) A credit based on a qualified investment purchased during 1981 shall be a credit carryover to taxable years that begin after December 31, 1981. *As added by P.L.51-1984, SEC.1.*

Formerly:
IC 6-3-3.4-5.

Library References
Taxation \approx 1047.
C.J.S. Taxation \S 1098.

6-3.1-5-6 Total amount of credits allowed; limitation

Sec. 6. (a) The total amount of credits allowed under this chapter may not exceed in the aggregate five million dollars (\$5,000,000) for all taxpayers and all taxable years.

(b) The aggregate amount of consideration paid by all taxpayers for qualified investments in a particular qualified entity, other than the state corporation, which may be used by all those taxpayers as a basis for credits under this chapter, may not exceed an amount equal to five (5) times the amount of consideration paid by the state corporation for new stock or a new partnership interest in the qualified entity.

(c) The state corporation shall administer the provisions of this section and shall issue the forms required by section 15 of this chapter only to the extent consistent with the limits in this section.

(d) If aggregate consideration paid for qualified investments which would otherwise qualify for the credit provided by this chapter exceeds the limits imposed by this section, the credit shall be allowed to taxpayers in the order of the time of the purchase of the qualified investments. *As added by P.L.51-1984, SEC.1.*

Formerly:
IC 6-3-3.4-6.

Library References
Taxation \approx 1047.
C.J.S. Taxation \S 1098.

Indiana

6-3.1-5-7 Corporation for Innovation Development; incorporation; purpose; directors; authority; transaction of business; contribution to state universities; name

Sec. 7. (a) To carry out the purposes of this chapter, the state corporation shall be formed under IC 23-1-1 through IC 23-1-12 (the Indiana general corporation act). The

articles of incorporation of the state corporation shall comply with the provisions set forth in subsections (b) through (i).

(b) The purpose of the state corporation shall be solely to raise funds which shall be used to make investments in qualified entities described in subsection (d) and to:

- (1) provide financing to Indiana business firms described in subsection (e) in a manner that will encourage capital investment in Indiana;
- (2) encourage the establishment or expansion of business and industry in Indiana;
- (3) provide additional jobs within Indiana; and
- (4) encourage research and development activities.

(c) The directors need not be shareholders in the state corporation, and there shall be not less than three (3) nor more than seven (7) directors, three (3) of whom shall be persons who have been nominated to be directors by the lieutenant governor.

(d) The state corporation may purchase new stock in a corporation organized under IC 23-1-1 through IC 23-1-12 (the Indiana general corporation act) or may purchase a new partnership interest in a limited partnership that has its principal office located in Indiana if the corporation or partnership:

- (1) has received a license or a statement of intent to license as a small business investment company from the Small Business Administration of the United States under the Small Business Investment Act of 1958, as amended,¹ and
- (2) is organized and operated solely for the purpose of performing the functions and conducting the activities contemplated by the Small Business Investment Act of 1958, as amended.

(e) The state corporation may provide financing to entities doing business primarily in Indiana, including but not limited to minority businesses, corporations and partnerships, to be used solely for the purpose of enhancing the production capacity of the entity or the ability of the entity to do business in Indiana. The financing may include any combination of equity investments, loans, guarantees, and commitments for financing, and the amount of financing is unlimited.

(f) The state corporation may borrow from the industrial development fund created by IC 4-4-8-2.

(g) No business shall be transacted or indebtedness incurred, except such as shall be incidental to the state corporation's organization or to obtaining subscriptions to or payment for its shares, until consideration for such shares equal to at least two million dollars (\$2,000,000) shall have been paid in, which amount paid in shall be the initial stated capital of the state corporation.

(h) Not less than five percent (5%) of the net income of the state corporation for federal income tax purposes shall be contributed to state universities to be used by the universities for research for the purpose of developing business and industry in the state of Indiana. The allocation of funds among the universities shall be directed by the commission for higher education, which shall determine the universities and the amounts in its discretion.

(i) The name of the state corporation shall be "Corporation for Innovation Development". *As added by P.L.51-1984, SEC.1.*

1. 15 U.S.C.A. § 661 et seq.

Formerly:

IC 6-3-3.4-7.
P.L.23-1983, SEC.15.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

6-3.1-5-8 State corporation; duties and powers of lieutenant governor

Sec. 8. (a) The lieutenant governor shall cause the state corporation to be formed, and he shall designate the incorporators and the first three (3) members of the first board of directors, no more than two (2) of which may be members of the same political party.

(b) The lieutenant governor may expend such funds as he deems appropriate for the purpose of organizing the state corporation and marketing the securities thereof. *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-8.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

6-3.1-5-9 State corporation; tax exemption

Sec. 9. The state corporation is exempt from any and all state tax levies including, but not limited to, the gross income tax (IC 6-2.1), state gross retail tax (IC 6-2.5), use tax (IC 6-2.5-3), adjusted gross income tax (IC 6-3-1 through IC 6-3-7), supplemental net income tax (IC 6-3-8), and intangibles tax (IC 6-5.1). However, the state corporation is not exempt from employment taxes or any taxes imposed by a county or by a municipal corporation. *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-9.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

6-3.1-5-10 Tax exemption; income received by reason of ownership of qualified investment

Sec. 10. (a) Except as provided in subsection (b), income that is received by a taxpayer by reason of ownership of a qualified investment is exempt from gross income tax (IC 6-2.1), adjusted gross income tax (IC 6-3-1 through IC 6-3-7), and supplemental net income tax (IC 6-3-8).

(b) The exemption provided under subsection (a) shall not apply to any income realized by reason of the sale or other disposition of the qualified investment. *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-10.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

6-3.1-5-11 Exempt taxpayer

Sec. 11. Any taxpayer is exempt from any tax to the extent that the tax is based on or measured by a qualified investment, including, but not limited to, any tax which might otherwise be imposed with respect to the qualified investment under the intangibles tax (IC 6-5.1), the bank tax (IC 6-5-10), and the savings and loan association tax (IC 6-5-11). *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-11.
P.L.88-1983, SEC.7.

Library References

Taxation ⇨1047.
C.J.S. Taxation § 1098.

6-3.1-5-12 Redemption of qualified investment by qualified entity; disallowance of credit

Sec. 12. (a) If a qualified investment which is the basis for a credit under this chapter is redeemed by the qualified entity within five (5) years of the date it is purchased, the credit provided by this chapter for the qualified investment shall be disallowed, and any credit previously claimed and allowed with respect to the qualified investment so redeemed shall be paid to the department of revenue with the appropriate return of the taxpayer covering the period in which the redemption occurred.

(b) When payments are made to the department under this section, the amount collected shall be handled in exactly the same manner as if no credit had been allowed. *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-12.

Library References

Taxation Ⓔ1047.

C.J.S. Taxation § 1098.

6-3.1-5-13 Order of application of credit

Sec. 13. (a) A credit to which a taxpayer is entitled under this chapter shall be applied against taxes owed by the taxpayer in the following order:

- (1) First, against the taxpayer's gross income tax liability (IC 6-2.1) for the taxable year.
- (2) Second, against the taxpayer's adjusted gross income tax liability (IC 6-3-1 through IC 6-3-7) for the taxable year.
- (3) Third, against the taxpayer's supplemental net income tax liability (IC 6-3-8) for the taxable year.
- (4) Fourth, against the taxpayer's intangibles tax liability (IC 6-5.1) for the taxable year.
- (5) Fifth, against the taxpayer's bank tax liability (IC 6-5-10) or savings and loan association tax liability (IC 6-5-11) for the taxable year.
- (6) Sixth, against the taxpayer's insurance premiums tax liability (IC 27-1-18-2) for the taxable year.

(b) Whenever the tax paid by the taxpayer under any of the tax provisions listed in subsection (a) is a credit against the liability or a deduction in determining the tax base under another Indiana tax provision, the credit or deduction shall be computed without regard to the credit to which a taxpayer is entitled under this chapter. *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-13.

P.L.88-1983, SEC.8.

Library References

Taxation Ⓔ1047.

C.J.S. Taxation § 1098.

6-3.1-5-14 Claiming of credit; filing of form with annual state tax return

Sec. 14. To receive the credit provided by this chapter, a taxpayer must:

- (1) claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department of state revenue; and
- (2) file with the department and with the taxpayer's annual state tax return or returns a copy of the form issued by the state corporation as to the qualified investment by the taxpayer, which shall include an undertaking by the taxpayer to report to the department of revenue any redemption of the qualified investment, if the redemption is covered by section 12 of this chapter.

As added by P.L.51-1984, SEC.1.

Formerly:

IC 6-3-3.4-14.

Library References

Taxation Ⓔ1047.

C.J.S. Taxation § 1098.

6-3.1-5-15 Forms; contents; filing; copies

Sec. 15. (a) The state corporation shall complete forms prescribed by the department which shall show as to each qualified investment in any qualified entity the following:

- (1) The name, address, and employer identification number of the qualified entity.

(2) The name, address, and identification number of the taxpayer who purchased the qualified investment.

(3) The extent of the qualified investment purchased by the taxpayer and the amount paid for it.

(b) The forms required to be filed with the department shall be filed by the state corporation on or before the fifteenth day of the second month following the month in which the qualified investment is purchased.

(c) Copies of the forms shall be mailed to the taxpayer and, where the qualified entity is not the state corporation, the qualified entity on or before that same date. *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-15.

Library References

Taxation Ⓔ1047.

C.J.S. Taxation § 1098.

6-3.1-5-16 Exemptions of 6-3.1-5-9, 6-3.1-5-10 and 6-3.1-5-11; modification

Sec. 16. The tax exemptions contained in sections 9, 10, and 11 of this chapter may be repealed or modified by the general assembly of the state of Indiana. *As added by P.L.51-1984, SEC.1.*

Formerly:

IC 6-3-3.4-16.

Library References

Taxation Ⓔ1047.

C.J.S. Taxation § 1098.

Chapter 6. Prison Investment Credits.

Sec.

- 6-3.1-6-1 Definitions
- 6-3.1-6-2 Income tax credit; amount; creditable year
- 6-3.1-6-3 Application; procedure

Sec.

- 6-3.1-6-4 Recapture tax; amount; reports, tax liability, change in use of property
- 6-3.1-6-5 Effect of agreements; considerations; verification of information related to credit

6-3.1-6-1 Definitions

Sec. 1. For the purposes of this chapter:

"Agreement" means any agreement entered into with the commissioner of the department of correction under IC 11-10-7-2 that has been approved by a majority of the members of the state board of correction.

"Qualified property" means any machinery, tools, equipment, building, structure, or other tangible property considered qualified property under Section 38 of the Internal Revenue Code that is used as an integral part of the operation contemplated by an agreement and that is installed, used, or operated exclusively on property managed by the department of correction.

"State income tax liability" means a taxpayer's total income tax liability incurred under IC 6-2.1 and IC 6-3, as computed after application of credits that, under IC 6-3.1-1-2, are to be applied before the credit provided by this chapter.

"Wages paid" includes all earnings surrendered to the department of correction under IC 11-10-7-5. *As added by P.L.51-1984, SEC.1.*

1984 Enactment. P.L.51-1984, Sec. 1, emerg., eff. Jan. 1, 1984, added this article.

Section 5(a) of P.L.51-1984 provided that Section 1 of this act affects taxable years that begin after Dec. 31, 1983.

I D

Senate Concurrent Resolution No. 1635

By Committee on Assessment and Taxation

0017 A PROPOSITION to repeal section 9 of article 11 of the consti-
0018 tution of the state of Kansas, relating to internal improve-
0019 ments.

0020 *Be it resolved by the Legislature of the State of Kansas, two-*
0021 *thirds of the members elected (or appointed) and qualified to*
0022 *the Senate and two-thirds of the members elected (or ap-*
0023 *pointed) and qualified to the House of Representatives con-*
0024 *curring therein:*

0025 Section 1. The following proposition to amend the constitu-
0026 tion of the state of Kansas shall be submitted to the qualified
0027 electors of the state for their approval or rejection: Section 9 of
0028 article 11 of the constitution of the state of Kansas, relating to
0029 internal improvements, is hereby repealed.

0030 Sec. 2. The following statement shall be printed on the bal-
0031 lot with the amendment as a whole:

0032 "Explanatory statement. This proposed amendment would
0033 eliminate the current restrictions regarding the state being a
0034 party to certain works of internal improvements.

0035 "A vote for the proposed amendment would eliminate the
0036 current restrictions regarding the state being a party to certain
0037 works of internal improvements.

0038 "A vote against the proposed amendment would continue
0039 the current restrictions on the state being a party to works of
0040 internal improvements."

0041 Sec. 3. This resolution, if approved by two-thirds of the
0042 members elected (or appointed) and qualified to the senate and
0043 two-thirds of the members elected (or appointed) and qualified
0044 to the house of representatives, shall be entered on the journals,
0045 together with the yeas and nays. The secretary of state shall

0046 cause this resolution to be published as provided by law and
0047 shall cause the proposed amendment to be submitted to the
0048 electors of the state at the general election in the year 1986
0049 unless a special election is called at a sooner date by concurrent
0050 resolution of the legislature, in which case it shall be submitted
0051 to the electors of the state at the special election.

HOUSE CONCURRENT RESOLUTION NO. _____

By Representative Braden

A PROPOSITION to amend article 11 of the constitution of the state of Kansas by adding a new section thereto, relating to the exemption of property for economic development purposes.

Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the Senate concurring therein:

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection: Article 11 of the constitution of the state of Kansas is amended by adding a new section thereto to read as follows:

"§13. Exemption of property for economic development purposes; procedure; limitations. (a) The board of county commissioners of any county or the governing body of any city may, by resolution or ordinance, as the case requires, exempt from ad valorem taxation all or any portion of the appraised valuation of: (1) All buildings, together with the land upon which such buildings are located, and all tangible personal property associated therewith used exclusively by a business commencing operations after the date on which this amendment is approved by the electors of this state; or (2) all buildings, or added improvements to buildings constructed after the date on which this amendment is approved by the electors of this state, together with the land upon which such buildings or added improvements are located, and all tangible personal property purchased after such date and associated therewith, necessary to facilitate the expansion of an existing business.

(b) Any ad valorem tax exemption granted pursuant to

subsection (b) shall be in effect for not more than 10 calendar years after the calendar year in which the business commences its operations or the calendar year in which expansion of an existing business is completed, as the case requires.

(c) The legislature may limit or prohibit the application of this section by enactment uniformly applicable to all cities or counties.

(d) The provisions of this section shall not be construed to affect exemptions of property from ad valorem taxation granted by this constitution or by enactment of the legislature, or to affect the authority of the legislature to enact additional exemptions of property from ad valorem taxation found to have a public purpose and promote the general welfare."

Sec. 2. The following statement shall be printed on the ballot with the amendment as a whole:

"Explanatory statement. This proposed amendment would authorize cities and counties to grant property tax exemptions for economic development purposes.

"A vote for the proposed amendment would allow the governing body of a city or county to exempt property of a new business or property necessary to facilitate the expansion of an existing business from property taxation for a period not to exceed 10 years.

A vote against the proposed amendment will continue the existing law that the legislature is the only authority to grant property tax exemptions."

Sec. 3. This resolution, if approved by two-thirds of the members elected (or appointed) and qualified to the house of representatives and two-thirds of the members elected (or appointed) and qualified to the senate, shall be entered on the journals, together with the yeas and nays. The secretary of state shall cause this resolution to be published as provided by law and shall cause the proposed amendment to be submitted to the

electors of the state at the general election in the year 1986 unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case it shall be submitted to the electors of the state at the special election.

II A

HOUSE BILL No. 2951

By Representatives Hayden, Apt, Baker, Barr, Bideau, Braden, Bryant, Buehler, Buntin, C. Campbell, Chronister, Cloud, Crowell, Duncan, Dyck, Eckert, Flottman, Foster, Freeman, Friedeman, Goossen, Graeber, Guldner, Harper, Hassler, Hoy, Jenkins, King, Kline, Knopp, Littlejohn, Long, R. D. Miller, Mollenkamp, Moomaw, Neufeld, Nichols, O'Neal, K. Ott, Polson, Pottorff, Roe, Roenbaugh, Sand, Shore, Sifers, Walker, Wilbert, Williams and Wunsch

0024 AN ACT concerning economic development in Kansas; estab-
0025 lishing a department of commerce therefor; prescribing the
0026 powers and duties of such department; amending K.S.A. 74-
0027 5002a, 74-5002b, 74-5002c, 74-5002d, 74-5002e, 74-5005, 74-
0028 5008a, 74-5008b, 74-5008c, 74-5009, 74-5010a, 74-5032, 74-
0029 5034, 74-5035 and 74-5045 and repealing the existing sections.

0030 *Be it enacted by the Legislature of the State of Kansas:*

0031 Section 1. K.S.A. 74-5002a is hereby amended to read as
0032 follows: 74-5002a. (a) There is hereby created a department of
0033 ~~economic development~~ *commerce*, the head of which shall be
0034 the secretary of ~~economic development~~ *commerce*. The governor
0035 shall appoint the secretary of ~~economic development~~ *commerce*,
0036 subject to confirmation by the senate as provided in K.S.A.
0037 75-4315b, *and amendments thereto*, and the secretary shall serve
0038 at the pleasure of the governor. The department of ~~economic~~
0039 ~~development~~ *commerce* shall be administered under the direc-
0040 tion and supervision of the secretary of ~~economic development~~
0041 *commerce*. The secretary of ~~economic development~~ *commerce*
0042 shall receive an annual salary fixed by the governor. The offices
0043 of the department of ~~economic development~~ *commerce* shall be
0044 located in Topeka.

0045 (b) The provisions of the Kansas sunset law apply to the
0046 office of secretary of ~~economic development~~ *commerce* and the

0017 department of ~~economic development~~ *commerce* created by this
0018 section, and the office and department are subject to abolition
0019 under that law.

0050 Sec. 2. K.S.A. 74-5002b is hereby amended to read as fol-
0051 lows: 74-5002b. All the powers, duties and functions of the state
0052 department of economic development created by K.S.A. 74-5003,
0053 ~~the Kansas economic development commission created by K.S.A.~~
0054 ~~1974 Supp. 74-5006 74-5002a~~ and the ~~director secretary~~ of the
0055 department of economic development created by K.S.A. 74-5004
0056 74-5002a are hereby transferred to and conferred and imposed,
0057 respectively, upon the department of ~~economic development~~
0058 *commerce* and the secretary of ~~economic development com-~~
0059 *merce* created by this ~~order act~~, except as is hereinafter other-
0060 wise provided.

0061 Sec. 3. K.S.A. 74-5002c is hereby amended to read as fol-
0062 lows: 74-5002c. The department of ~~economic development com-~~
0063 *merce* and the secretary of ~~economic development commerce~~
0064 created by this ~~order act~~ shall be the successors in every way,
0065 respectively, to the powers, duties and functions of the state
0066 department of economic development; ~~the Kansas economic~~
0067 ~~development commission and director and secretary~~ of the de-
0068 partment of economic development ~~abolished by this order~~ and
0069 in which the same were vested prior to the effective date of this
0070 ~~order act~~, except as hereinafter otherwise provided. Every act
0071 performed in the exercise of such powers, duties and functions
0072 by or under the authority of the department of ~~economic devel-~~
0073 ~~opment commerce~~ or secretary of ~~economic development com-~~
0074 *merce* created by this ~~order act~~, respectively, shall be deemed to
0075 have the same force and effect as if performed by the state
0076 department of economic development; ~~the Kansas economic~~
0077 ~~development commission and director and secretary~~ of the de-
0078 partment of economic development ~~abolished by this order~~ and
0079 in which such functions were vested prior to the effective date of
0080 this ~~order act~~. The department of ~~economic development and~~
0081 secretary of ~~economic development commerce~~ created by this
0082 ~~order act~~ shall be continuations of the state department of eco-
0083 nomic development created by K.S.A. 74-5003; ~~the Kansas eco-~~

0084 ~~onomic development commission created by K.S.A. 1974 Supp.~~
0085 ~~74-5006 74-5002a~~ and the ~~director secretary~~ of the department of
0086 economic development created by K.S.A. 74-5004 74-5002a.

0087 Sec. 4. K.S.A. 74-5002d is hereby amended to read as fol-
0088 lows: 74-5002d. All rules and regulations and all orders and
0089 directives of the ~~Kansas economic development commission and~~
0090 ~~the director of the department secretary~~ of economic develop-
0091 ment ~~abolished by this order~~ which are in existence on the
0092 effective date of this ~~order act~~, shall continue to be effective and
0093 shall be deemed to be the duly adopted rules and regulations or
0094 orders and directives of the secretary of ~~economic development~~
0095 *commerce* created by this ~~order act~~, until revised, amended,
0096 revoked or nullified according to law.

0097 Sec. 5. K.S.A. 74-5002e is hereby amended to read as fol-
0098 lows: 74-5002e. (a) Whenever the state department of economic
0099 development, or words of like effect, is referred to or designated
0100 by a statute, contract or other document, such reference or
0101 designation shall be deemed to apply to the department of
0102 ~~economic development commerce~~ created by this ~~order act~~.

0103 (b) Whenever the Kansas economic development commis-
0104 sion ~~or~~, the director of the department of economic development
0105 ~~or secretary of economic development~~, or words of like effect,
0106 are referred to or designated by a statute, contract or other
0107 document, such reference or designation shall be deemed to
0108 apply to the secretary of ~~economic development commerce~~
0109 created by this ~~order act~~.

0110 Sec. 6. K.S.A. 74-5005 is hereby amended to read as follows:
0111 74-5005. The department shall be the official agency of the state
0112 for the economic development of the state through the promotion
0113 of business, commerce and industry within the state. In general,
0114 but not by way of limitation, the department shall have, exercise
0115 and perform the following powers and duties:

0116 (a) To assume central responsibility and coordinate within
0117 the department all facets of a comprehensive economic devel-
0118 opment program;

0119 (b) to create and carry out a coordinated plan with all other
0120 state departments and agencies ~~and state universities~~ which do

0121 research work, develop materials and programs, gather statistics,
 0122 or which perform functions related to economic development;
 0123 and such state departments and agencies shall advise and coop-
 0124 erate with the department in the planning and accomplishment
 0125 of the objectives of this act;

0126 (c) to advise and cooperate with all federal departments,
 0127 research institutions, educational institutions and agencies,
 0128 quasi-public professional societies, private business and agri-
 0129 cultural organizations and associations, and any other party,
 0130 public or private, and to call upon such parties for consultation,
 0131 and assistance in their respective fields of interest, to the end
 0132 that all up to date available technical advice, information and
 0133 assistance be gathered for the use of the department, the gover-
 0134 nor, the legislature, and the people of this state;

0135 (d) to enter into agreements necessary to carry out the objec-
 0136 tives of this act;

0137 (e) to conduct an effective business information service,
 0138 keeping up to date information on such things as manufacturing
 0139 industries, labor supply and economic trends in employment,
 0140 income, savings and purchasing power within the state, utilizing
 0141 the services and information available from the division of the
 0142 budget of the department of administration;

0143 (f) to support a coordinated program of scientific and indus-
 0144 trial research with the objective of developing additional uses of
 0145 the state's natural resources, agriculture, agricultural products,
 0146 new and better industrial products and processes, and the best
 0147 possible utilization of the raw materials in the state; and to
 0148 coordinate this responsibility with the universities and colleges
 0149 in the state, with all state and federal agencies, and all public and
 0150 private institutions within or without the state, all in an effort to
 0151 assist and encourage new industries or expansion of existing
 0152 industries through basic research, applied research and new
 0153 development;

0154 (g) to maintain and keep current all available information
 0155 regarding the industrial opportunities and possibilities of the
 0156 state, including raw materials and by-products; power and water
 resources; transportation facilities; available markets and the

0158 marketing limitations of the state; labor supply; banking and
 0159 financing facilities; availability of industrial sites; and the ad-
 0160 vantages the state and its particular sections have as industrial
 0161 locations; and such information shall be used for the encourage-
 0162 ment of new industries in the state and the expansion of existing
 0163 industries within the state;

0164 (h) to publicize information and the economic advantages of
 0165 the state which make it a desirable place for commercial and
 0166 industrial operations and as a good place in which to live;

0167 (i) to acquaint the people of this state with the industries
 0168 within the state and encourage closer cooperation between the
 0169 farming, commercial and industrial enterprises and the people of
 0170 the state;

0171 (j) to encourage and promote the traveling public to visit this
 0172 state by publicizing information as to the recreational, historic
 0173 and natural advantages of the state and its facilities for transient
 0174 travel and to contract with organizations for the purpose of
 0175 promoting tourism within the state; and the department may
 0176 request other state agencies such as, but not limited to, the state
 0177 water resources board, the state park and resources authority, the
 0178 Kansas fish and game commission and the department of trans-
 0179 portation, for assistance and all such agencies shall coordinate
 0180 information and their respective efforts with the department to
 0181 most efficiently and economically carry out the purpose and
 0182 intent of this subsection;

0183 (k) to participate in economic development and planning
 0184 assistance programs of the federal government to political sub-
 0185 divisions;

0186 (l) to assist counties and cities in industrial development
 0187 through the establishment of industrial development corpora-
 0188 tions, including site surveys, small business administration
 0189 problems situations, and render such other similar assistance as
 0190 may be required; and in those instances where it is deemed
 0191 appropriate, to contract with and make a service charge to the
 0192 county or city involved for such services rendered;

0193 (m) to render assistance to private enterprise on planning
 0194 problems and site surveys upon request and shall make a rea-

0195 sonable service charge for such services rendered; and any
0196 moneys received for services rendered, as provided in this sub-
0197 section, shall be deposited in the fund and expended therefrom,
0198 as provided in subsection (n);

0199 (n) to make agreements with other states and with the United
0200 States government, or its agencies, and to accept funds from the
0201 federal government, or its agencies, or any other source for
0202 research studies, investigation, planning and other purposes
0203 related to the duties of the department; and any funds so re-
0204 ceived shall be deposited in the state treasury and shall be
0205 credited to a special revenue fund which is hereby created and
0206 shall be known as the "economic development fund" or used in
0207 accordance with or direction of the contributing federal agen-
0208 cies; and expenditures from said fund may be made for any
0209 purpose in keeping with the responsibilities, functions and au-
0210 thority of the department; and warrants on said fund shall be
0211 drawn in the same manner as required of other state agencies
0212 upon vouchers signed by the secretary;

0213 (o) to prepare and publish an annual report of its activities
0214 and expenditures for the information of the governor and the
0215 public, and shall, from time to time, submit recommendations to
0216 the governor and to the Kansas economic development commis-
0217 sion concerning legislation found to be necessary or desirable in
0218 effecting the purposes of this act;

0219 (p) to do other and further acts as shall be necessary and
0220 proper in fostering and promoting the industrial development
0221 and economic welfare of the state;

0222 (q) to organize, or cause to be organized, an advisory board or
0223 boards representing interested groups, including industry, labor,
0224 agriculture, scientific research, the press, the professions, in-
0225 dustrial associations, civic groups, etc.; and such board or boards
0226 shall advise with the department as to its work and the depart-
0227 ment shall, as far as practicable, cooperate with such board or
0228 boards, and secure the active aid thereof in the accomplishment
0229 of the aims and objectives of the department; and

0230 (r) to serve as the central agency and clearing house to collect
and disseminate ideas and information bearing on local planning

0232 problems; and, in so doing, the department may, upon request of
0233 the board of county commissioners of any county or the govern-
0234 ing body of any city in the state, make a study and report upon
0235 any planning problem of such county or city submitted to it.
0236 Sec. 7. K.S.A. 74-5008a is hereby amended to read as fol-
0237 lows: 74-5008a. There is hereby established within and as a part
0238 of the department of ~~economic development~~ *commerce* a divi-
0239 sion of ~~industrial development~~ *business recruitment*, the head of
0240 which shall be the director of ~~industrial development~~ *business*
0241 *recruitment*. Under the supervision of the secretary of ~~economic~~
0242 ~~development~~ *commerce*, the director of ~~industrial development~~
0243 *business recruitment* shall administer the division of ~~industrial~~
0244 ~~development~~ *business recruitment*. The secretary of ~~economic~~
0245 ~~development~~ *commerce* shall appoint the director of ~~industrial~~
0246 ~~development~~ *business recruitment* and such director shall serve
0247 at the pleasure of the secretary of ~~economic development~~. The
0248 director of ~~industrial development~~ *business recruitment* shall be
0249 in the unclassified service under the Kansas civil service act and
0250 shall receive an annual salary fixed by the secretary of ~~economic~~
0251 ~~development~~ *commerce* and approved by the governor.

0252 New Sec. 8. The division of business recruitment is hereby
0253 authorized and empowered to:

0254 (a) Foster a climate of agricultural and industrial develop-
0255 ment by providing incentives to businesses and industries lo-
0256 cated principally outside the state to expand, locate or relocate
0257 within the state;

0258 (b) to engage in recruitment of such businesses and indus-
0259 tries by identifying, contacting and informing them of the ben-
0260 efits of expanding, locating or relocating in Kansas;

0261 (c) maintain and keep current all available information re-
0262 garding the industrial opportunities and possibilities of the state,
0263 including raw materials and by-products; power and water re-
0264 sources; transportation facilities; available markets and the mar-
0265 keting limitations of the state; labor supply; banking and financ-
0266 ing facilities; availability of industrial sites; and the advantages
0267 the state and its particular sections have as industrial locations;
0268 and such information shall be used for the encouragement of

0269 new industries in the state and the expansion of existing indus-
0270 tries within the state;

0271 (d) to assist counties and cities in industrial development
0272 through the establishment of industrial development corpora-
0273 tions, including site surveys, small business administration
0274 problems, and render such other similar assistance as may be
0275 required; and in those instances where it is deemed appropriate,
0276 to contract with and make a service charge to the county or city
0277 involved for such services rendered; and

0278 (e) to acquaint the people of this state with the industries
0279 within the state and encourage closer cooperation between the
0280 farming, commercial and industrial enterprises and the people of
0281 the state.

0282 Sec. 9. K.S.A. 74-5008b is hereby amended to read as fol-
0283 lows: 74-5008b. (a) On July 1, 1983 the effective date of this act,
0284 the division of ~~research and publications industrial development~~
0285 and the office of the director of ~~research and publications indus-~~
0286 ~~trial development~~ of the department of economic development
0287 shall be and are hereby abolished.

0288 (b) Except as otherwise provided in this act, all of the powers
0289 and duties of the department of economic development which
0290 were being exercised and performed immediately prior to the
0291 effective date of this act by the division and director of ~~research~~
0292 ~~and publications industrial development~~ are hereby expressly
0293 retained as powers and duties of the department of ~~economic~~
0294 ~~development commerce~~. The secretary of ~~economic develop-~~
0295 ~~ment commerce~~ may delegate and assign such powers and duties
0296 to the division of business recruitment or any other division or
0297 divisions within the department of ~~economic development com-~~
0298 ~~merce~~.

0299 (c) Officers and employees who, immediately prior to the
0300 effective date of this act, were engaged in the exercise and
0301 performance of the powers and duties specified in subsection
0302 (b), and who, in the opinion of the secretary of ~~economic devel-~~
0303 ~~opment commerce~~, are necessary to the continued exercise and
0304 performance of such powers and duties shall be retained as
officers and employees of the department of ~~economic develop-~~

0306 ~~ment commerce~~. Any abolition of personnel positions in the
0307 classified service under the Kansas civil service act shall be in
0308 accordance with civil service laws and rules and regulations
0309 adopted thereunder.

0310 Sec. 10. K.S.A. 74-5008c is hereby amended to read as fol-
0311 lows: 74-5008c. There is hereby established within and as a part
0312 of the department of ~~economic development~~ ~~commerce~~ a divi-
0313 sion of community development, the head of which shall be the
0314 director of community development. Under the supervision of
0315 the secretary of ~~economic development commerce~~, the director
0316 of community development shall administer the division of
0317 community development. The secretary of ~~economic develop-~~
0318 ~~ment commerce~~ shall appoint the director of community devel-
0319 opment and such director shall serve at the pleasure of the
0320 secretary of ~~economic development~~. The director of community
0321 development shall be in the unclassified service under the
0322 Kansas civil service act and shall receive an annual salary fixed
0323 by the secretary of ~~economic development commerce~~ and ap-
0324 proved by the governor.

0325 Sec. 11. K.S.A. 74-5009 is hereby amended to read as fol-
0326 lows: 74-5009. The division of community development is
0327 hereby authorized and empowered to:

0328 (a) Contract with federal, state or other public agencies and
0329 with qualified private persons or agencies and exercise such
0330 other powers as may be necessary to accomplish the purposes of
0331 this act;

0332 (b) advise, confer, cooperate with and assist local govern-
0333 ments, planning commissions, agencies, officials, civic and other
0334 groups and citizens in matters relating to the purposes of the
0335 department and to encourage the development of comprehen-
0336 sive community planning programs;

0337 (c) apply for, receive, administer, and utilize any grants or
0338 other financial assistance that the federal government, under
0339 section 701 of the federal housing act of 1954, and amendments
0340 thereto, and other public or private sources make available for
0341 the purposes of the department; and

0342 (d) receive funds from any county, city or official metropoli-

0343 tan or regional planning agency established under the provisions
 0344 of K.S.A. 12-716 to 12-724, inclusive, and amendments thereto,
 0345 receiving financial assistance for local community planning
 0346 work.

0347 Sec. 12. K.S.A. 74-5045 is hereby amended to read as fol-
 0348 lows: 74-5045. There is hereby established within and as a part
 0349 of the department of ~~economic development~~ *commerce* a divi-
 0350 sion of small business, *technology and resource* development,
 0351 the head of which shall be the director of small business, *tech-*
 0352 *nology and resource* development. Under the supervision of the
 0353 secretary of ~~economic development~~ *commerce*, the director of
 0354 small business, *technology and resource* development shall ad-
 0355 minister the division of small business, *technology and resource*
 0356 development. The secretary of ~~economic development~~ *com-*
 0357 *merce* shall appoint the director of small business, *technology*
 0358 *and resource* development and such director shall serve at the
 0359 pleasure of the secretary of ~~economic development~~. The director
 0360 of small business, *technology and resource* development shall be
 0361 in the unclassified service under the Kansas civil service act and
 0362 shall receive an annual salary fixed by the secretary of ~~economic~~
 0363 ~~development and commerce~~ and approved by the governor.

0364 New Sec. 13. The division of small business, technology and
 0365 resource development is hereby authorized and empowered to:

0366 (a) Promote research in advanced technology and to assist in
 0367 the transfer of technology to small businesses where and when it
 0368 is beneficial to economic growth in Kansas;

0369 (b) assist small business by providing assistance in inter-
 0370 preting and applying the laws and administrative rules and
 0371 regulations of the state applying to such businesses;

0372 (c) foster the use of the natural resources in Kansas in such
 0373 fashion as to assist in the economic growth of Kansas;

0374 (d) support a coordinated program of scientific and industrial
 0375 research with the objective of developing additional uses of the
 0376 state's natural resources, agriculture, agricultural products, new
 0377 and better industrial products and processes, and the best possi-
 0378 ble utilization of the raw materials in the state; and to coordinate
 0379 his responsibility with the universities and colleges in the state,

0380 with all state and federal agencies, and all public and private
 0381 institutions within or without the state, all in an effort to assist
 0382 and encourage new industries or expansion of existing industries
 0383 through basic research, applied research and new development;
 0384 and

0385 (e) render assistance to private enterprise on planning prob-
 0386 lems and site surveys upon request.

0387 Sec. 14. K.S.A. 74-5010a is hereby amended to read as fol-
 0388 lows: 74-5010a. There is hereby established within and as a part
 0389 of the ~~department of economic development~~ *division of small*
 0390 *business, technology and resource development* the office of
 0391 minority business, the head of which shall be the *assistant*
 0392 ~~director of the office of~~ *for minority business affairs*. Under the
 0393 supervision of the ~~secretary of economic development~~ *director*
 0394 *of small business, technology and resource development*, the
 0395 ~~assistant director of the office of~~ *for minority business affairs*
 0396 shall administer the office of minority business. The secretary of
 0397 ~~economic development~~ *commerce* shall appoint the *assistant*
 0398 ~~director of the office of~~ *for minority business affairs* and such
 0399 ~~assistant director~~ shall serve at the pleasure of the secretary of
 0400 ~~economic development~~. The ~~assistant director of the office of~~ *for*
 0401 *minority business affairs* shall be in the unclassified service
 0402 under the Kansas civil service act and shall receive an annual
 0403 salary fixed by the secretary of ~~economic development~~ *com-*
 0404 *merce* and approved by the governor.

0405 New Sec. 15. There is hereby established within and as a
 0406 part of the division of small business, technology and resource
 0407 development the office of advanced technology, the head of
 0408 which shall be the assistant director for advanced technology.
 0409 Under the supervision of the secretary of commerce, the assistant
 0410 director for advanced technology shall administer the office of
 0411 advanced technology. The secretary of commerce shall appoint
 0412 the assistant director for advanced technology and such director
 0413 shall serve at the pleasure of the secretary. The assistant director
 0414 for advanced technology shall be in the unclassified service
 0415 under the Kansas civil service act and shall receive an annual
 0416 salary fixed by the secretary of commerce and approved by the

0417 governor.

0418 Sec. 16. K.S.A. 74-5034 is hereby amended to read as fol-
 0419 lows: 74-5034. (a) There is hereby created within the ~~department~~
 0420 ~~of economic development office of advanced technology~~ a Kan-
 0421 sas advanced technology commission, referred to in this act as
 0422 the "commission." The commission shall promote, develop and
 0423 coordinate education, research and economic development pro-
 0424 grams in fields of advanced technology.

0425 (b) The commission shall seek to improve the quality and the
 0426 quantity of graduates from Kansas institutions of higher educa-
 0427 tion in fields of advanced technology, to further the research
 0428 capabilities of Kansas institutions of higher education, to provide
 0429 incentives to attract and retain superior faculty members at such
 0430 institutions and to enhance the economic health of the state of
 0431 Kansas through encouraging investment by both governmental
 0432 and private sources in research and educational programs which
 0433 promote advanced technology education and research develop-
 0434 ment.

0435 (c) The commission shall place priority on those programs
 0436 and projects that will enhance employment opportunities and
 0437 stimulate high technology economic development in the areas of
 0438 agricultural and industrial processes, biochemistry and related
 0439 biotechnical processes, computers, engineering, natural re-
 0440 sources, plastics and telecommunications.

0441 (d) The commission shall exercise its powers and perform its
 0442 duties and functions specified in this act, within and as a part of
 0443 the ~~department of economic development office of advanced~~
 0444 ~~technology~~. All budgeting, purchasing and related management
 0445 functions of the commission shall be administered under the
 0446 direction and supervision of the secretary of ~~economic develop-~~
 0447 ~~ment commerce~~.

0448 Sec. 17. K.S.A. 74-5035 is hereby amended to read as fol-
 0449 lows: 74-5035. (a) The commission shall consist of 13 commis-
 0450 sioners. The speaker of the house of representatives, minority
 0451 leader of the house of representatives, president of the senate,
 0452 minority leader of the senate, president of Kansas state univer-
 0453 sity, president of Wichita state university, chancellor of the

0454 university of Kansas and president of Pittsburg state university
 0455 shall each appoint one commissioner, who shall serve at the
 0456 discretion of the appointing authority. Five commissioners shall
 0457 be appointed by the governor. These five commissioners shall
 0458 represent advanced technology industries and associated busi-
 0459 nesses and at least one of the five commissioners shall be a
 0460 representative of a small business enterprise.

0461 (b) The term of each commissioner appointed by the gover-
 0462 nor shall be for four years, except that, of such commissioners
 0463 first appointed, two commissioners shall be appointed for terms
 0464 of two years and three commissioners shall be appointed for
 0465 terms of four years. A member appointed or designated to fill a
 0466 vacancy arising other than by expiration of such member's term
 0467 shall be appointed for the unexpired term of the commissioner
 0468 such member is to succeed. A commissioner shall be eligible for
 0469 reappointment.

0470 (c) Commissioners shall receive amounts provided in sub-
 0471 section (e) of K.S.A. 75-3223.

0472 (d) ~~The commission shall elect a chairperson and vice-chair-~~
 0473 ~~person from its members. The governor shall appoint the chair-~~
 0474 ~~person and vice-chairperson of the commission.~~ The secretary of
 0475 ~~economic development commerce~~ or the secretary's designee
 0476 shall serve as secretary for the commission. The commission
 0477 shall adopt such rules and regulations governing its procedure
 0478 and research matching grant procedures as it may consider
 0479 necessary or advisable and shall keep a record of its proceedings,
 0480 which record shall be open to inspection by the public at all
 0481 reasonable times.

0482 Sec. 18. K.S.A. 74-5032 is hereby amended to read as fol-
 0483 lows: 74-5032. There is hereby established within and as a part
 0484 of the department of ~~economic development commerce~~ a divi-
 0485 sion of travel, tourism and film services, the head of which shall
 0486 be the director of travel, tourism and film services. Under the
 0487 supervision of the secretary of ~~economic development com-~~
 0488 ~~merce~~, the director of travel, tourism and film services shall
 0489 administer the division of travel, tourism and film services. The
 0490 secretary of ~~economic development commerce~~ shall appoint the

0491 director of travel, tourism and film services and such director
 0492 shall serve at the pleasure of the secretary of ~~economic develop-~~
 0493 ~~ment~~. The director of travel, tourism and film services shall be in
 0494 the unclassified service under the Kansas civil service act and
 0495 shall receive an annual salary fixed by the secretary of ~~economic~~
 0496 ~~development~~ *commerce* and approved by the governor.

0497 New Sec. 19. The division of travel, tourism and film ser-
 0498 vices is hereby authorized and empowered to:

0499 (a) Encourage and promote the traveling public to visit this
 0500 state by publicizing information as to the recreational, historic
 0501 and natural advantages of the state and its facilities for transient
 0502 travel and to contract with organizations for the purpose of
 0503 promoting tourism within the state; and

0504 (b) request other state agencies such as, but not limited to,
 0505 the state water resources board, the state park and resources
 0506 authority, the Kansas fish and game commission and the depart-
 0507 ment of transportation, for assistance and all such agencies shall
 0508 coordinate information and their respective efforts with the de-
 0509 partment to most efficiently and economically carry out the
 0510 purpose and intent of this subsection.

0511 New Sec. 20. There is hereby established within and as a
 0512 part of the department of commerce a division of foreign mar-
 0513 keting, the head of which shall be the director of foreign mar-
 0514 keting. Under the supervision of the secretary of commerce, the
 0515 director of foreign marketing shall administer such division. The
 0516 secretary of commerce shall appoint the director of foreign mar-
 0517 keting and such director shall serve at the pleasure of the
 0518 secretary. The director of foreign marketing shall be in the
 0519 unclassified service under the Kansas civil service act and shall
 0520 receive an annual salary fixed by the secretary of commerce and
 0521 approved by the governor.

0522 New Sec. 21. The division of foreign marketing is hereby
 0523 authorized and empowered to:

0524 (a) Promote investment in Kansas by industries located prin-
 0525 cipally outside the United States;

0526 (b) promote the export of Kansas products, agricultural, sci-
 0527 tific and industrial outside of the United States;

0528 (c) develop and conduct trade development and market re-
 0529 search missions to foreign markets and host foreign buying teams
 0530 visiting Kansas;

0531 (d) prepare and distribute an export directory and other spe-
 0532 cialized product information to foreign buyers;

0533 (e) identify and develop foreign trade leads; and

0534 (f) coordinate with and disseminate information regarding
 0535 the international grains program and international trade institute
 0536 conducted at Kansas state university.

0537 Sec. 22. K.S.A. 74-5002a, 74-5002b, 74-5002c, 74-5002d, 74-
 0538 5002e, 74-5005, 74-5008a, 74-5008b, 74-5008c, 74-5009, 74-
 0539 5010a, 74-5032, 74-5034, 74-5035 and 74-5045 are hereby re-
 0540 pealed.

0541 Sec. 23. This act shall take effect and be in force from and
 0542 after its publication in the statute book.

brought within two (2) years after the date on which such the injury occurred, irrespective of the date of death. but

(b) However, in no event may such an action be brought more than:

(1) twelve (12) years after the substantial completion of construction of such an the improvement; or

(2) fourteen (14) years after the completion and submission of plans and specifications to the owner if the action is for deficiency in design; whichever comes first.

Approved April 18, 1985.

~~INDIANA ECONOMIC DEVELOPMENT COUNCIL~~

SENATE ENROLLED ACT NO. 477

AN ACT to amend the Indiana Code concerning state administration.

Be it enacted by the General Assembly of the State of Indiana:

SECTION 1. IC 4-3-14 is added to the Indiana Code as a NEW chapter to read as follows:

Chapter 14. Indiana Economic Development Council.

Sec. 1. As used in this chapter, "board" refers to the board of directors of the corporation.

Sec. 2. As used in this chapter, "corporation" refers to the Indiana economic development council established under this chapter.

Sec. 3. The governor may request, on behalf of the state, the establishment of the corporation under IC 23-7-1.1. The corporation may not commence operations or perform the functions listed in section 4 of this chapter until:

(1) articles of incorporation for the corporation have been filed with, and a certificate of incorporation has been issued by, the secretary of state;

(2) the corporation has conducted a public hearing for the purpose of giving all interested parties an opportunity to review and comment upon the articles of incorporation, bylaws, and proposed methods of operation of the corporation; and

Additions in text indicated by bold type; deletions by strikeouts

IC

HC

HOUSE BILL No. 2960

By Representative Helgerson

2-12

0017 AN ACT establishing the state economic development policy
0018 committee; providing for the membership and organization
0019 thereof; prescribing powers, duties and functions therefor.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. (a) There is hereby established the state economic
0022 development policy committee as a separate state agency. The
0023 committee shall consist of nine members as follows:

0024 (1) One member shall be the executive director of the insti-
0025 tute for public policy and business research of the university of
0026 Kansas;

0027 (2) one member shall be the director of the institute for
0028 public policy and business research of the university of Kansas;

0029 (3) one member shall be a representative of the center for
0030 business research of Wichita state university appointed by the
0031 president of Wichita state university;

0032 (4) one member shall be the secretary of economic develop-
0033 ment, or the secretary's designee;

0034 (5) one member shall be the director of the Kansas advanced
0035 technology commission;

0036 (6) one member shall be a person appointed by the state
0037 board of regents;

0038 (7) one member shall be a member of the senate appointed
0039 by the president of the senate;

0040 (8) one member shall be a member of the house of repre-
0041 sentatives appointed by the speaker of the house of representa-
0042 tives; and

0043 (9) one member shall be a person appointed by the governor.

0044 (b) The two members appointed under subsections (a)(7) and
0045 (a)(8) by the president of the senate and the speaker of the house

0046 of representatives shall not be members of the same political
0047 party.

0048 (c) Each member of the committee under subsection (a)(1),
0049 (a)(2), (a)(4) or (a)(5) shall serve by virtue of office or position.
0050 Each member appointed under subsection (a)(3), (a)(6) or (a)(9)
0051 shall serve at the pleasure of the officer or board making the
0052 appointment. Each member of the committee appointed under
0053 subsection (a)(7) or (a)(8) shall be appointed for a term ending on
0054 the first day of the regular legislative session in odd-numbered
0055 years. In case of a vacancy on the committee, a successor shall be
0056 appointed in like manner as the original appointment for the
0057 unexpired term of the member creating the vacancy.

0058 Sec. 2. (a) The state economic development policy commit-
0059 tee shall organize annually by electing a chairperson and vice-
0060 chairperson from among the members thereof. The committee
0061 shall meet at least once each calendar quarter and at such other
0062 times designated upon the call of the chairperson.

0063 (b) Members of the state economic development policy
0064 committee attending meetings of the policy committee, or at-
0065 tending a subcommittee meeting thereof authorized by the pol-
0066 icy committee, shall be paid amounts provided in subsection (c)
0067 of K.S.A. 75-3223 and amendments thereto.

0068 Sec. 3. (a) The state economic development policy commit-
0069 tee shall formulate on a continuing basis a comprehensive plan
0070 for economic development in Kansas. Such plan shall be based
0071 substantially on the plan for economic development in Kansas
0072 developed as part of the Kansas economic development study
0073 prepared by the institute for public policy and business research
0074 of the university of Kansas. The committee shall seek advice
0075 from the general public and from professional associations, aca-
0076 demic groups and institutions and individuals with knowledge of
0077 and interest in issues in areas of economic development and
0078 planning.

0079 (b) The plan shall set forth the recommendations of the
0080 committee for the short-term and long-term economic develop-
0081 ment of strategies, policies, goals and objectives for Kansas,
0082 including the character and extent of existing and proposed

0083 initiatives, projects, programs and facilities as are necessary or
0084 desirable in the judgment of the committee to accomplish such
0085 strategies, policies, goals and objectives. The plan shall be for-
0086 mulated and used for the general purpose of accomplishing the
0087 coordinated management, conservation and development of the
0088 resources of the state for economic development.

0089 (c) The department of economic development and all other
0090 interested state agencies shall cooperate with the committee in
0091 providing information and other assistance as may be requested
0092 by the committee for the formulation of such plan.

0093 Sec. 4. The state economic development policy committee
0094 annually shall submit to the legislature and to the governor an
0095 updated plan for economic development in Kansas which shall
0096 contain recommendations which are necessary or advisable, in-
0097 cluding recommendations for legislation, to achieve the goals
0098 and objectives for short-term and long-term economic develop-
0099 ment in Kansas.

0100 Sec. 5. (a) Within the limitations of appropriations available
0101 therefor, the state economic development policy committee is
0102 hereby authorized to negotiate and enter into contracts for pro-
0103 fessional and consulting services to assist the committee in the
0104 performance of duties and functions imposed under sections 3
0105 and 4. All such contracts shall be exempt from the competitive
0106 bid requirements of K.S.A. 75-3739 and amendments thereto.

0107 (b) The secretary of economic development shall provide to
0108 the state economic development policy committee such staff and
0109 other assistance as may be requested by the committee.

0110 Sec. 6. This act shall take effect and be in force from and
0111 after its publication in the statute book.

IIC

GENERAL PROVISIONS

231.015 Interagency committee for coordinating tourism and economic development.

1. The interagency committee for coordinating tourism and economic development is hereby created. The committee consists of the governor, who is its chairman, the lieutenant governor, who is its vice chairman, the executive director of the commission on tourism, the executive director of the commission on economic development and such other members as the governor may from time to time appoint. The appointed members of the committee serve at the pleasure of the governor. The members of the committee are entitled to receive the per diem allowance and travel expenses provided by law.

2. The committee shall meet at the call of the governor.

3. The committee shall:

(a) Identify the strengths and weaknesses in state and local governmental agencies which enhance or diminish the possibilities of tourism and economic development in this state.

(b) Foster coordination and cooperation among state and local governmental agencies, and enlist the cooperation and assistance of federal agencies, in carrying out the policies and programs of the commission on tourism and the commission on economic development.

(c) Formulate cooperative agreements between the commission on tourism or the commission on economic development, and state and other public agencies pursuant to the Interlocal Cooperation Act, so that each of those commissions may receive applications from and, as appropriate, give governmental approval for necessary permits and licenses to persons who wish to promote tourism, develop industry or produce motion pictures in this state.

4. The governor may from time to time establish regional or local subcommittees to work on regional or local problems of economic development or the promotion of tourism.

(Added to NRS by 1983, 1161)

COMMISSION ON ECONOMIC DEVELOPMENT

231.020 "Motion pictures" defined. As used in NRS 231.030 to 231.130, inclusive, unless the context otherwise requires, "motion pictures" includes films to be shown in theaters and on television, industrial, training and educational films, commercials for television, and video discs and tapes.

[2:322:1955]—(NRS A 1969, 230; 1983, 1167)

231.030 Creation; divisions. There is hereby created a commission on economic development, consisting of:

1. A division of economic development; and

MISCELLANEOUS
GOVERNMENT AFFAIRS

COMMITTEE AND
SUBCOMMITTEE

paid the per diem allowance and travel expenses provided by law, as the budget of the commission permits.

[6:322:1955]—(NRS A 1969, 231, 1455; 1983, 1168)

231.064 Powers and duties: Research; dissemination of information. In addition to its other duties, the commission on economic development shall:

1. Investigate and study conditions affecting Nevada business, industry and commerce, and engage in technical studies, scientific investigations, statistical research and educational activities necessary or useful for the proper execution of the function of the division in promoting and developing Nevada business, industry and commerce, both within and outside the state.

2. Conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes.

3. Serve as a center of public information for the State of Nevada by answering general inquiries concerning the resources and economic, residential and recreational advantages of this state and by furnishing information and data on these and related subjects.

4. Prepare and publish pamphlets and other descriptive material designed to promote industrial development in Nevada, including a regularly revised industrial directory for the state.

5. Plan and develop an effective service for business information, both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state, including readily accessible information on state and local taxes, local zoning regulations and environmental standards, the availability and cost of real estate, labor, energy, transportation and vocational training and related subjects.

(Added to NRS by 1983, 1166)

231.067 Powers and duties: State plan for industrial development and diversification; promotion of economic interests of state; grants for economic development; agency for issuing permits to relocating or expanding businesses. The commission on economic development shall:

1. Develop a state plan for industrial development and diversification.

2. Promote, encourage and aid the development of commercial, industrial, agricultural, mining and other vital economic interests of this state, except for travel and tourism.

3. Identify sources of financing and assist businesses and industries which wish to locate in Nevada in obtaining financing.

4. Provide and administer grants of money to political subdivisions of the state and to local or regional organizations for economic development to assist them in promoting the advantages of their communities and in recruiting businesses to relocate in those communities. Each recipient must provide an amount of money, at least equal to the grant, for

231.070 ECONOMIC DEVELOPMENT AND TOURISM

the same purpose, except, in a county having a population of less than 17,000, the commission may, if convinced that the recipient is financially unable to do so, provide such a grant with less than equal matching money provided by the recipient.

5. Encourage and assist state, county and city agencies in planning and preparing projects for economic or industrial development and financing those projects with revenue bonds.

6. Coordinate and assist the activities of counties, cities, local and regional organizations for economic development and fair and recreation boards in the state which affect industrial development, except for travel and tourism.

7. Arrange by cooperative agreements with local governments to serve as the single agency in the state where relocating or expanding businesses may obtain all required permits.

8. Promote close cooperation between public agencies and private persons who have an interest in industrial development and diversification in Nevada.

9. Organize and coordinate the activities of a group of volunteers which will aggressively select and recruit businesses and industries, especially small industries, to locate their offices and facilities in Nevada.

(Added to NRS by 1983, 1165)

231.070 Compensation and expenses of members. Each member of the commission on economic development is entitled to receive a salary of \$80 for each day's attendance at a meeting of the commission and the per diem allowance and travel expenses provided by law.

[7:322:1955]—(NRS A 1969, 232; 1977, 1179; 1981, 1978; 1983, 1168)

231.080 Executive director: Qualifications; appointment; expenses; other employment prohibited. The executive director of the commission on economic development:

1. Is appointed by the governor from a list of three persons submitted to the governor by the commission. The person appointed as executive director must have had successful experience in the administration and promotion of a program comparable to that provided in NRS 231.020 to 231.130, inclusive.

2. Is responsible to the commission and serves at its pleasure.

3. Is entitled to receive the per diem allowance and travel expenses as provided by law.

4. Shall devote his entire time to the duties of his office, and he shall not follow any other gainful employment or occupation.

[8:322:1955]—(NRS A 1960, 394; 1961, 655; 1963, 1333; 1965, 702; 1967, 1489; 1971, 1424; 1981, 1272; 1983, 1168)

231.090 Executive director: Powers and duties. The executive director of the commission on economic development shall direct and

OFFICE OF THE SECRETARY

DEPUTY SECRETARY
GENERAL ADMINISTRATION

EXISTING INDUSTRY DEVELOPMENT DIVISION (Rec. No. 21 & 24)

- *Small Business Development
- [REDACTED]
- *Minority Business Development
- [REDACTED]
- *One Stop Permitting
- *Field Offices (Rec. No.21)
- *Local Community Technical Assistance (Rec. No. 30)
- *Community Development Block Grants -- Economic Development (Rec. No. 31 & 32)
- *Liaison with Small Business Development Centers, Certified Development Companies (Rec. No.34)

INDUSTRIAL DEVELOPMENT DIVISION

- *Domestic Business Recruitment
- *International Business Recruitment (Rec. No.23)
- *Targeted Marketing Program (Rec. No. 25)
- *National Promotion Campaign (Rec. No. 26)

TRADE DEVELOPMENT DIVISION (Rec. No.22)

- *Domestic Trade Development
- *International Trade Development
- *Agriculture Trade Development

TRAVEL & TOURISM DIVISION

- *Promotion
- *Tourist Information Centers
- *Ks. Magazine
- *Film Services

COMMUNITY DEVELOPMENT DIVISION

- *Community Assistance (Rec.No.30)
- *Mainstreet Program
- *Pride Program
- *Community Development Block Grants -- Small Cities (Rec. No. 31)
- *Enterprise Zones
- *Certified Cities Program (Rec. No. 33)

REDWOOD/KRIDER REPORT	
Rec. No.	Recommendation
21	Substantially expand the KDED Small Business Division; add field offices.
22	Establish a KDED International Trade Division.
23	Expand the state's efforts to attract foreign firms.
24	Initiate a KDED existing industry program.
25	Implement a KDED targeted industries marketing program.
26	Initiate a national promotion campaign.
30	Substantially expand technical assistance to local communities.
31	Use federal Community Development Block Grant funds to the fullest extent.
32	Establish a state community development block grant program.
33	Expand the Certified Cities Program.
34	Provide state funding to Small Business Development Centers.

Prepared for the Joint Legislative Economic Development Commission

Date: February 28, 1986

ECONOMIC DEVELOPMENT ACTION PLAN

*Feb. 28 1986
Economic Dev. Comm.*

<u>Initiatives/Tasks</u>	<u>Redwood/Krider Recommendation</u>	<u>Action In 1986 Session</u>	<u>Action In 1986 Interim</u>	<u>Legislation</u>		<u>Implementation Plan/Budget</u>	
				<u>Completion Date for Draft Legislation</u>	<u>Person(s) Responsible/Involved</u>	<u>Completion Date for Implementation Plan, Budget</u>	<u>Person(s) Responsible/Involved</u>
I. "Doable Now" Initiatives to Implement the "Daisy Chain".							
A. Research Innovation Act							
1. Science and Technology Authority.	16						
a. Product Development Corp.	14						
2. Centers of Excellence	7						
3. Institutes of Applied Science & Technology	9						
4. Industry Liaisons	11						
5. Research Matching Grant Program	8						
6. State Match for Federal Small Business Innovation Research Grants	15						

Attachment J

<u>Initiatives/Tasks</u>	<u>Redwood/Krider Recommendation</u>	<u>Action In 1986 Session</u>	<u>Action In 1986 Interim</u>	<u>Legislation</u>		<u>Implementation Plan/Budget</u>	
				<u>Completion Date for Draft Legislation</u>	<u>Person(s) Responsible/ Involved</u>	<u>Completion Date for Implementation Plan, Budget</u>	<u>Person(s) Responsible/ Involved</u>
B. Targeted Venture Capital Tax Credit Act.							
1. Venture Capital Tax Credit	4						
2. Corporation for Innovation Development	13						
C. Statewide "Mezzanine" Risk Capital System.							
1. Mezzanine risk capital mechanism							
2. Secondary market for SBA guaranteed portion of bank loans	19						
II. "Doable Now" Structural Initiatives							
A. KDED Structure							
1. Industrial Development Div.							
a. Targeted industries marketing program	25						
b. National Image campaign	26						
c. Attracting foreign firms	23						

<u>Initiatives/Tasks</u>	<u>Redwood/Krider Recommendation</u>	<u>Action In 1986 Session</u>	<u>Action In 1986 Interim</u>	<u>Legislation</u>		<u>Implementation Plan/Budget</u>	
				<u>Completion Date for Draft Legislation</u>	<u>Person(s) Responsible/ Involved</u>	<u>Completion Date for Implementation Plan, Budget</u>	<u>Person(s) Responsible/ Involved</u>
2. Trade Development Div.	22						
3. Existing Industry Div.	24						
a. Existing Industry program	24						
b. Expand Small Business Division, add field offices	21						
c. State funding for Small Business Development Centers	34						
d. Temporary funding for Certified Development Companies	18						
e. Financial Symposium for Kansas companies	17						
4. Community Development Div.							
a. Incubator Loans	28						
b. Infrastructure loan pool for economic development	29						
c. Technical assistance to local communities	30						
d. Federal Community Devel- opment Block Grants	31						

<u>Initiatives/Tasks</u>	<u>Redwood/Krider Recommendation</u>	<u>Action In 1986 Session</u>	<u>Action In 1986 Interim</u>	<u>Legislation</u>		<u>Implementation Plan/Budget</u>	
				<u>Completion Date for Draft Legislation</u>	<u>Person(s) Responsible/Involved</u>	<u>Completion Date for Implementation Plan, Budget</u>	<u>Person(s) Responsible/Involved</u>
e. State community development block grants.	32						
f. Certified Cities program	33						
<hr/>							
B. Legislative Structure							
1. Permanent joint committee on economic development	20						
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C. Kansas, Inc.							
These initiatives focus on the way the private and public sectors are organized to address short- and long-term strategic analysis, planning, and implementation to deal with the economic needs of Kansas.							
1. Upgrade applied social and economic research	10						
<hr/>							
D. Internal Improvements Amendment	27						
<hr/>							
III. Organizing the 1986 Interim							
A. Implement action of the initiatives listed above							

<u>Initiatives/Tasks</u>	<u>Redwood/Krider Recommendation</u>	<u>Action In 1986 Session</u>	<u>Action In 1986 Interim</u>	<u>Legislation</u>		<u>Implementation Plan/Budget</u>	
				<u>Completion Date for Draft Legislation</u>	<u>Person(s) Responsible/ Involved</u>	<u>Completion Date for Implementation Plan, Budget</u>	<u>Person(s) Responsible/ Involved</u>
B. Task Forces							
1. Agriculture research	1						
2. Education	12						
3. Capital markets							
4. Tax structure							
a. Sales/use tax exemp- tion on all mach- inery & equipment	2						
b. Corporate R & D income tax credits	3						
c. Property tax abatements	5						
d. Property tax on inven- tories	6						