

Approved _____

Date

5-7-86

MINUTES OF THE Legislative COMMITTEE ON Economic Development

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

7:00 a.m./p.m. on March 18, 1986, 19__ in room 527-S of the Capitol.

All members were present except:

Representative D. Mainey

Committee staff present:

Belden Daniels
Paul West

Visitor's Register - (Attachment "I")

Conferees appearing before the committee:

The Chairman called the meeting to order and asked Belden Daniels to proceed with his report on the nine initiatives. Daniels presented and reviewed a breakdown of the budget of the economic development action plan. (Attachment "A")

Daniels presented drafts of five initiatives (Attachments "B" and "C").

On page 4, Sec. (p) as directed by the Commission during the last meeting, the definition of exporting was modified to include Kansas distribution to out-of-state suppliers.

Daniels wanted the Commission to note the changes on Powers Section, page 8, (bb) and (cc), relating to public records which are submitted to the corporation by businesses. They shall be maintained in a secured environment by the President.

Under the section on Board of Directors again directed by the Commission, Daniels noted the change in subsection (2) which clearly states the three directors will be from Kansas universities and not by prior designation.

There was discussion regarding members from the House and Senate, page 10 (e). The Commission, the Speaker, the President, the Senator minority leader and the House minority leader would each appoint one member.

New Section 7 on page 11, Centers of Excellence, a competitive bid basis using the national standards of peer review was the command of the Commission. The Centers of Excellence will only continue to receive the funds if they meet the specific standards.

Daniels asked permission of the Commission to give Dr. Redwood, C. Krider and himself authority to resolve those matters in the report that are insufficiently attended to between the applied research competitive grant process and the seed capital. The Chairman stated he would have permission to do this.

Reference was made to Senate Concurrent Resolution No. 1635 (Attachment "D") and Ed Bruske letter (Attachment "E"). Daniels stated that it was his original opinion that a targeted amendment to internal improvements that would deal with the history and culture of Kansas was the ideal way to go, but has now been convinced that it would be unwise to do so. The Commission must decide if there will be a repeal of the internal improvements prohibition.

CONTINUATION SHEET

MINUTES OF THE Legislative COMMITTEE ON Economic Development,
room 527-S, Statehouse, at 7:00 a.m./~~p.m.~~ on March 18, 1986, 19 .

Representative Heinemann made a motion that the Commission make a positive approach to repeal the internal improvements prohibition in the constitution. The motion was seconded by Senator Johnston. Representative Heinemann's motion carried unanimously.

In House Concurrent Resolution No. 5047 Daniels recommends that Section 1 ("for the purpose of manufacturing, fabricating, assembling articles of commerce") include language which is in House Bill No. 2802, and add some limited scope for nonmanufacturing facilities which have a potential for job creation. (Attachment F)

In Attachment "G" on standing committee and joint committees, Daniels stressed that especially qualified and recruited staff serve this committee on a continuing basis. Senator Winter suggested that people appointed to the joint committee on economic development be people who have served on the standing economic development committees.

Daniels distributed a revised draft of House Bill No. 2960 for the Commission. (Attachment "H")

Daniels said he would have a draft of the report itself for the next meeting on March 19th at 7:00 A.M.

Meeting adjourned 9:00 A.M.

Approved by Commission

5-7-86
(date)

"I"

March 18, 1986
Economic Dev. Conf.

Name

Representing

Tony Redwood

KU

David Barclay

KDEP

Jim Floger

Gov Ofc

CHARLES KRINAN

KU

Ben Vidrickson

Sen.

CHARLES BELT

WICH. CHAMBER OF COMMERCE

Steve Hollenbeck

115th Rep

Stan Clark

Oakley Pride Committee

Phil Bradford

KATC

Attachment I

ECONOMIC DEVELOPMENT ACTION PLAN

3-18-86

"A"

<u>Initiatives/Tasks</u>	<u>R/K</u> <u>Rec.</u>	<u>1986</u> <u>Session</u> <u>Action</u>	<u>1986</u> <u>Interim</u> <u>Action</u>	<u>Gov's FY 87</u> <u>Investment Budget</u> <u>(Increase over FY 86)</u>	<u>Redwood/Krider Cost Estimate</u>				
					<u>Funding Level</u>	<u>FY 87</u>	<u>FY 88</u>	<u>FY 89</u>	
1. Statewide Risk Capital System.									
a. Risk capital mechanism				--		--	--	--	--
b. Secondary market for SBA guaranteed portion of bank loans	19			--		No Cost to the State			
2. Targeted Venture Capital Tax Credit Act.	4			--	Minimum Preferred	300,000 500,000	1.5 M 2 M	2 M 3 M	
3. Research & Innovation Initiatives									
a. Kansas Technology Enterprise Corporation	16			--	Minimum Preferred	220,000 275,000	220,000 320,000	220,000 320,000	
b. Centers of Excellence	7			130,000 (Pittsburg)	Minimum Preferred	500,000 835,000	835,000 1.17 M	1.17 M 1.5 M	
c. Institutes of Applied Science & Technology	9			--	Minimum Preferred	220,000 1 M	2.5 M 5 M	5 M 10 M	
d. University Industrial Liaisons	11			60,000	Minimum Preferred	60,000 300,000	300,000 360,000	360,000 360,000	
e. Research Matching Grant Program	8			200,000	Minimum Preferred	200,000 250,000	400,000 500,000	400,000 500,000	

Attachment A

1. <u>atives/Tasks</u>	R/K Rec.	1986 Session Action	1986 Interim Action	Gov's FY 87 Investment Budget (Increase over FY 86)	Redwood/Krider Funding Level	Cost Estimate FY 87	FY 88	FY 89
f. State Match for Federal Small Business Innovation Research Grants	15			--	Minimum Preferred	200,000 200,000	200,000 250,000	200,000 300,000
g. Product Development Corp.	14			--	Minimum Preferred	750,000 1 M	1 M 2 M	1 M 2 M
4. Internal Improvements	27			--		Costs Not Now Available		
5. Local Tax Abatement	5			--		No Cost to the State		
6. KDED Structure								
a. Industrial Development Div.								
° Targeted industries marketing program	25			900,000	Minimum Preferred	100,000 ?	? ?	? ?
° National Image campaign	26				Minimum Preferred	750,000 ?	? ?	? ?
° Kansas Industrial Training Program				250,000		--	--	--
° Attracting foreign firms	23			250,000	Minimum Preferred	600,000 750,000	800,000 1 M	1 M 1.2 M
° Industrial Development staff expansion				80,000				

Initiatives/Tasks	R/K Rec.	1986 Session Action	1986 Interim Action	Gov's FY 87 Investment Budget (Increase over FY 86)	Redwood/Krider Cost Estimate			
					Funding Level	FY 87	FY 88	FY 89
b. Trade Development Div.	22			--	Minimum Preferred	125,000 125,000	125,000 175,000	175,000 225,000
<hr/>								
c. Existing Industry Development Division								
° Existing Industry program	24				Minimum Preferred	120,000 120,000	120,000 135,000	120,000 155,000
				350,000				
<hr/>								
° Expand Small Business Division, add field offices	21				Minimum Preferred	350,000 350,000	350,000 470,000	350,000 550,000
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° State funding for Small Business Development Centers	34			--	Minimum Preferred	350,000 350,000	350,000 350,000	350,000 350,000
<hr/>								
° Temporary funding for Certified Development Companies	18			200,000	Minimum Preferred	200,000 400,000	300,000 400,000	400,000 400,000
<hr/>								
° Financial Symposium for Kansas companies	17			No cost to State	Minimum Preferred	5,000 5,000	5,000 5,000	5,000 5,000
<hr/>								

Initiatives/Tasks	R/K Rec.	1986 Session Action	1986 Interim Action	Gov's FY 87 Investment Budget (Increase over FY 86)	Redwood/Krider Funding Level	Cost Estimate		
						FY 87	FY 88	FY 89
d. Community Development Div.								
° Incubator Loans	28			--		Costs Not Now Available		
° Infrastructure loan pool for economic development	29			\$30 M		Costs Not Now Available		
° Technical assistance to local communities	30			--		Costs Included in Recommendations 21 and 23		
° Federal Community Development Block Grants	31	Ongoing	Ongoing	No cost to State		No Cost to State		
° State community development block grants.	32			--	Minimum Preferred	5.3 M	10.6 M	16 M
° Certified Cities program	33			--		5.3 M	10.6 M	16 M
7. Legislative Structure								
a. Permanent joint committee on economic development	20			--	--	--	--	--
8. Kansas Economic Development Analysis								
These initiatives focus on the way short- and long-term strategic economic analysis and planning, is done.								
a. Kansas, Inc.								

Initiatives/Tasks	R/K Rec.	1986 Session Action	1986 Interim Action	Gov's FY 87 Investment Budget (Increase over FY 86)	Redwood/Krider Cost Estimate			
					Funding Level	FY 87	FY 88	FY 89
b. Upgrade applied social and economic research	10			--	Minimum Preferred	185,000 385,000	385,000 500,000	500,000 500,000
9. Interim Activities								
° Special Consulting and Research				350,000	--	--	--	--
a. Agricultural research task force	1		X	--	Minimum Preferred	50,000 500,000	750,000 1.5 M	1.4 M 2 M
b. Education task force	12		X					
c. Capital market task force			X	--	--	--	--	--
d. Tax structure task force								
° Sales/use tax exemp- tion on all mach- inery & equipment	2			--	Minimum Preferred	0 0	0 5.3 M	5.3 M 10.6 M
° Corporate R & D income tax credits	3	X		--	Minimum Preferred	150,000 250,000	500,000 1 M	750,000 1 M
° Property tax abatements	5	X				No Cost to the State		
° Property tax on inven- tories	6	X						

3-18-86 "D"

Insert for Kansas Technology Enterprise Corporation

March 18, 1986
Economic Dev. Comm

Section 7. Centers of Excellence.

(a) The purpose of this section is to authorize the establishment of Centers of Excellence at the state universities that will undertake ongoing basic research with a particular focus that will have long run potential for commercial development. The centers should build on institutional strengths and be in areas of research where the university has true promise of attaining national and international stature.

(b) There is hereby authorized three ^(existing Kansas) Centers of Excellence. The Centers are: the Center for Artificial Intelligence and Automated Control Systems at Kansas State University; the Center for Bioanalytical Research at the University of Kansas; and the Center for Productivity Enhancement at Wichita State University. *The Centers are eligible for continuing support from the Corporation according to the same terms and conditions as provided in this section.*

(c) The Kansas technology enterprise basic research fund is hereby created to which shall be credited any state funds specifically so designated.

(d) The corporation may use the Kansas technology enterprise fund to carry out the purposes of this act by awarding funds to establish new Centers of Excellence or to increase funding to already established Centers of Excellence. Awards of funds shall be made on a competitive basis, and all proposals shall be subject to external peer review on the basis of scientific merit and subsequent potential for commercial application.

Attachment B

(e) In carrying out its functions under this section, the corporation is directed to create a Centers of Excellence Committee to assist in evaluating the establishment of new Centers of Excellence and in evaluating increases in funding for already established Centers of Excellence. The membership of the Centers of Excellence 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.

(f) The corporation shall award funding for new Centers and increased funding for established Centers only after:

(1) developing, adopting and publishing the criteria it shall use when evaluating Centers of Excellence; and

(2) receiving the recommendation of the Centers of Excellence Committee which will review proposals for new or established Centers of Excellence containing:

(A) documentation that not less than 50 percent of the Center's total funding will be matched by sources other than the corporation; equipment may be considered as part of the matching funds, but must be accompanied by a statement that the Center of Excellence has received the machinery or equipment, and it is state of the art and either:

(i) 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

(ii) detailing the price paid by the Center of Excellence, with an invoice showing the amount paid for the equipment;

(B) a description of the potential for future benefit to industry;

(C) an itemized operations budget; and

(D) other information that may be required by the board.

(g) The board shall approve such basic research proposals after the board finds, based upon the proposal submitted, external peer reviews, and such additional investigation as the staff of the corporation shall make and incorporate in its minutes that:

(1) the proposed Center of Excellence has the potential to stimulate economic growth by bringing together university-industry partnerships to focus on basic research and technology transfer, and

(2) the Center has the long run potential for benefit to existing and new industries through innovation and development of new technology.

(h) Any commercialized research that results from a corporation funded Center of Excellence shall not be subject to the provisions of subsections (v) and (w) of section 4 of this act.

3-18-86

"1"

March 18, 1986
Economic Dev Comm.

BILL NO. _____

By

AN ACT relating to the Kansas technology enterprise corporation; limiting expenditures; and abolishing the Kansas advanced technology commission.

Be it enacted by the Legislature of the State of Kansas:

Section 1. Statement of need. The legislature of the state of Kansas finds that:

(a) There exists in the state a great and growing opportunity for cooperation between private enterprise and educational institutions in the areas of innovation, basic and applied research and the transfer of new technologies between educational institutions and private enterprises;

(b) 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, or supplying to, key exporting industries of special importance to the Kansas economy;

(c) 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;

(d) these activities can improve the pace at which existing industries innovate and grow, increasing opportunities for small and large enterprises alike and creating new exporting industries and services within the state, resulting in increased employment and public revenues; and

(e) these opportunities for innovation and growth lie particularly in those small enterprises engaged in agricultural, manufacturing and technology based exporting industries, which are increasingly recognized as the sources of new job creation within Kansas and the nation.

Attachment C

Sec. 2. Mission statement. (a) The purpose of the Kansas technology enterprise corporation is to foster innovation in existing industry and the development of new industry in key exporting areas of special importance to the Kansas economy, especially in those small enterprises including, but not limited to:

(1) Existing resource based industries of agriculture, oil, gas, coal and helium.

(2) existing advanced technology industries of aviation, pharmaceuticals, computers and electronics; and

(3) emerging industries of telecommunications, computer software, information services and research services.

(b) The corporation shall achieve the purpose stated in subsection (a) of this section by:

(1) Financing centers of excellence at education institutions to engage in basic research that potentially has application in existing and new Kansas industries;

(2) awarding applied research matching grants to educational institutions and private enterprises in order to move innovation and applied research toward commercial application; and

(3) engaging in seed-capital financing for the development and implementation of innovations or new technologies for existing resource, technology based and emerging exporting industries;

(4) providing technical referral services to such small, new, emerging or mature exporting enterprises and encouraging educational institutions to establish technical information data bases and industrial liaison offices which are easily accessible by both private and public sector organizations.

Sec. 3. Definitions. As used in this act:

(a) "Applied research" means those research activities occurring at educational institutions and in private enterprises, which have potential commercial application in key exporting areas of special importance to the Kansas economy;

(b) "applied research fund" means the Kansas resource and technology development applied research fund established in section 9 of this act;

(c) "basic research" means research that has longer range generic value to an industry classification or group of companies. It is distinguished from applied research which has more present value to a single company or project to be achieved in a limited time period;

(d) "basic research fund" means the Kansas basic and applied research fund established in section 8 of this act;

(e) "corporation" means the Kansas technology enterprise corporation;

(f) "educational institutions" means public and private community colleges, colleges and universities in the state;

(g) "enterprise" means a firm with its principal place of business in Kansas which is engaged or proposes to be engaged in this state in agricultural, natural resource based or other manufacturing, research and development, or the provision of technology based services;

(h) "innovation" means any new technology, product or process without regard to whether a patent has or could be granted;

(i) "new technology" means the development through science or research of methods, processes and procedures, including but not limited to those involving the utilization of agricultural products and by-products and oil and gas and other mineral resources, for practical application in industrial and service situations;

(j) "person" means any individual, partnership, corporation or joint venture carrying on business or proposing to carry on business within the state;

(k) "product" means any product, device, technique or process, which is or may be exploitable commercially; however, "product" does not refer to 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;

(l) "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 law;

(m) "seed capital" means financing that is provided for the development, refinement and commercialization of a product, process or innovation, whether for the startup of a new firm, the expansion of a young, small firm or the restructuring of a mature, small firm;

(n) "seed-capital fund" means the Kansas technology enterprise seed-capital fund established in section 8 of this act;

(o) "small business" means an enterprise engaged in manufacturing having 500 or fewer employees and all other business enterprises having 100 or fewer employees; and

(p) "exporting" means those Kansas enterprises that sell goods or services outside the state and their suppliers.

Sec. 4. Powers. 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:

(a) Make, amend and repeal bylaws, rules and regulations for the management of its affairs;

(b) sue and be sued;

(c) make contracts and execute all instruments necessary or convenient for carrying out its business;

(d) 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;

(e) 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;

(f) 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;

(g) 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;

(h) 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;

(i) 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;

(j) appoint officers, consultants, agents and advisors, and prescribe their duties and compensation;

(k) appear in its own behalf before boards, commissions, departments or other agencies of municipal, county or state government or federal government;

(l) procure insurance against any losses in connection with its properties in such amounts from such insurers as may be necessary or desirable;

(m) 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 installment, of principal and interest or any terms of any contract or agreement of any kind to which the corporation is a party;

(n) 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;

(o) trade, buy or sell qualified securities;

(p) 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;

(q) solicit, study and assist in the preparation of business plans and proposals of new or established resource and technologically oriented enterprises, particularly in those exporting areas of special importance to the Kansas economy;

(r) 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;

(s) 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;

(t) provide and pay for such advisory services and technical assistance that may be necessary or desirable to carry out the purposes of this act;

(u) 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;

(v) 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 under the jurisdiction of the Kansas board of regents; 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 Kansas board of regents;

(w) exercise any other powers necessary for the operation and functioning of the corporation within the purposes authorized in this act;

(x) 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 exporting areas of special importance to the Kansas economy and monitor performance;

(y) cooperate with the department of economic development regarding financial assistance programs targeted to small enterprises engaged in key exporting industries of special importance to the Kansas economy; and

(z) provide resource based, scientific and technological data and information required by the governor, the legislature, 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;

(aa) 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;

(bb) documents and other materials submitted to the corporation by Kansas businesses 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 president;

(cc) the corporation shall not be subject to state purchasing laws.

Sec. 5. (a) Board of directors. The Kansas technology enterprise corporation is created as an independent, nonprofit, public corporation.

(b) The corporation shall be governed by a board of 11 members who shall be residents of this state. The board shall consist of the governor, or the secretary of the department of economic development, and 10 directors appointed by the governor, subject to senate confirmation as provided in K.S.A. 75-4315b,

and amendments thereto, as follows:

(1) Five directors shall be persons from the private sector who have demonstrated leadership, knowledge and experience in key exporting industries of special importance to the Kansas economy including those small enterprises which include, but are not limited to:

(A) Existing resource based industries of agriculture, oil and gas;

(B) existing advanced technology industries of aviation, manufacturing and information and design; and

(C) emerging industries of telecommunications, computer software, information services and research services;

(2) three directors shall be engineers or scientists who have extensive experience in managing applied scientific and technological research at Kansas universities and who are recognized by their peers for outstanding knowledge and leadership in their fields; and

(3) 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 technological importance to the Kansas economy and both of whom are recognized by their peers for outstanding knowledge and leadership in their fields.

(c) The governor shall give consideration to geographical representation when making board appointments.

(d) Two directors shall be appointed for a term of one year, two directors shall be appointed for terms of two years, three directors shall be appointed for terms of three years and three directors shall be appointed for terms of four years. Successors to such directors shall be appointed for terms of four years. Each director shall hold office for the term of 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.

(e) In addition to the 11 directors, there shall be two nonvoting, ex officio directors, one member of the house of representatives appointed by the speaker and one member of the senate appointed by the president. The ex officio directors shall serve from the date of their appointment until the opening day of the next regular session of the legislature. Ex officio directors may be reappointed.

(f) 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 and abstain from voting prior to taking any actions relating to that transaction.

(g) The board of directors shall select a corporate president who is not a board member.

(h) The board of directors shall hold all board meetings within the state of Kansas.

(i) Members of the board of directors are entitled to compensation and expenses as provided in K.S.A. 75-3223, and amendments thereto.

(j) The board shall annually elect from the private sector membership one member as chair and one member as vice-chair.

(k) 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.

(l) 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.

(m) The directors shall establish an executive committee composed of the chair, vice-chair and three 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.

(n) No member of the board of directors is eligible to serve more than two terms of office.

(o) A member of the board of directors may be removed by the governor for cause, stated in writing, after a hearing thereon.

Sec. 6. Management (a) 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 set by the board of directors. The president shall direct and supervise administrative affairs and the general management of the corporation.

(b) The president:

(1) 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;

(2) shall attend board meetings;

(3) shall appoint a secretary to 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;

(4) shall, before receiving operating funds or accepting any applications from an enterprise for applied research grants or seed-capital funds, prepare a business plan before October 1, 1986, which shall be approved by the board of directors, shall be submitted for review to the economic development commission and to Kansas, Inc. Upon approval of the commission, the state finance council shall release operating funds for the corporation prior to the 1987 legislative session.

Sec. 7. Basic and applied research fund. (a) The Kansas technology enterprise applied research fund is hereby created, to which shall be credited any state funds specifically so designated.

(b) The corporation may use the Kansas technology

enterprise 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 exporting areas of special importance to the Kansas economy. The fund is not to be used for technical assistance or training but only for actual applied research.

(c) The board shall award grants only after:

(1) Developing, adopting and publishing the criteria it shall use when evaluating research proposals; and

(2) reviewing applied research proposals which present:

(A) Documentation, if the proposal is from an educational institution, that not less than 60% of the total direct 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 60% of the total direct 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;

(E) a recommendation from the sponsoring educational

institution or business enterprise; and

(F) other information that may be required by the board.

(d) 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:

(1) The proposed project is research that leads to innovation, new knowledge or technology and is not training or technical assistance for business firms;

(2) the proposed applied research project will expand that field's technological base within the state;

(3) the project will enhance employment opportunities within Kansas; and

(4) the project is technically sound and will produce a measurable result.

(e) 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.

(f) Any commercialized research that results from a corporation applied research grant shall be subject to the provisions of subsections (v) and (w) of section 6 of this act.

Sec. 8. Seed-capital fund. (a) There is hereby created the technology enterprise seed-capital 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.

(b) The corporation may use the Kansas technology enterprise seed-capital fund as follows:

(1) 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, loans convertible to equity, and equity;

(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.

(2) 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.

(3) To invest in such other investments as are lawful for Kansas fiduciaries.

(c) The corporation may use the Kansas technology enterprise 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.

(d) 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.

(e) The corporation shall purchase qualified securities issued by an enterprise as a part of a resource and technology

project only after:

(1) 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.

(2) 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 seedcapital 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 instrumental to the success of the enterprise and its retention within the state because otherwise funding available for the enterprise is less readily available or offered on terms on less desirable terms than can be obtained if the enterprise were located outside of Kansas.

(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.

(f) 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.

(g) The corporation shall not make investments in qualified securities issued by enterprises in excess of the smaller of the following limits:

(1) Not more than the amount necessary to own more than 49% 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

(2) not more than 20% of the fund available for investment shall be invested in any one enterprise.

Sec. 9. Industrial liaisons. (a) The Kansas technology enterprise corporation shall establish a clearinghouse to deliver managerial assistance and technical referral services, particularly to small, new, emerging or mature exporting enterprises and shall fund educational institutions to establish technical information data bases and industrial liaison offices which are easily accessible by both private and public sector organizations.

(b) The corporation shall provide to private enterprises and individuals services which include, but are not limited to:

(1) Disseminating such research and technical information as is available to the corporation;

(2) referring clients to researchers or laboratories for the purpose of testing and evaluating new products, processes or innovations;

(3) assisting persons developing innovations or new technology in locating enterprises or entrepreneurs that may be interested in applying such innovations or new technologies; and

(4) providing managerial assistance to enterprises requesting such assistance, but particularly to those small enterprises in key exporting of special importance to the Kansas economy.

(c) 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.

Sec. 10. Accountability. (a) The corporation shall publish an annual report which shall include an audit by an independent third party, by June 30 of each year, and present the report to the governor, legislature and Kansas, Inc., 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 exporting of special importance to the Kansas economy.

(b) The corporation shall be subject to a fiscal audit by the legislative division of post audit.

(c) 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:

(1) 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;

(2) 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

(3) 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.

(d) All panel members shall be recognized by their peers for outstanding knowledge and leadership and have particular

experience with those small, exporting enterprises of special importance to the Kansas economy.

(e) The panel will have six months to review the corporation's investments, grants and activities including:

(1) a financial performance analysis of seed-capital fund investments;

(2) an economic and fiscal impact; and

(3) the extent to which the corporation employed its powers and the seed capital, applied research and clearinghouse functions to carry out its purpose and to address the opportunities found by the legislature to require its creation.

(f) Based on the panel's findings, it will recommend to the legislature one of the following actions:

(1) Continue the corporation in its statutory form;

(2) continue the corporation, but with modifications recommended by the committee; or

(3) dissolve the corporation with recommendations on how to dispose its assets and liabilities.

Sec. 11. Advanced technology commission. This act abolishes the Kansas advanced technology commission by repealing K.S.A. 74-5034 et seq. and transfers its resources and funding to the Kansas technology enterprise corporation.

Sec. 12. Effective date. This act shall take effect and be in force from and after its publication in the statute book.

Senate Concurrent Resolution No. 1635

By Committee on Assessment and Taxation

2-3

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

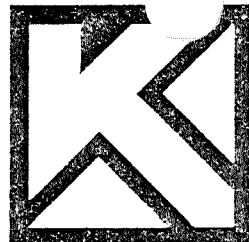
0046 cause this resolution to be published as provided by law and
0047 shall cause the proposed amendment to be submitted to the
0048 electors of the state at the general election in the year 1986
0049 unless a special election is called at a sooner date by concurrent
0050 resolution of the legislature, in which case it shall be submitted
0051 to the electors of the state at the special election.

"Attachment E" ~~_____~~

MAR 11 1986

3-18-86

Economic Dev. Comm



**Kansas
Chamber of
Commerce
and Industry**

A consolidation of the
Kansas State Chamber
of Commerce,
Associated Industries
of Kansas,
Kansas Retail Council

March 10, 1986

The Honorable Jim Braden
Kansas House of Representatives
State Capitol, Room 381-W
Topeka, KS 66612

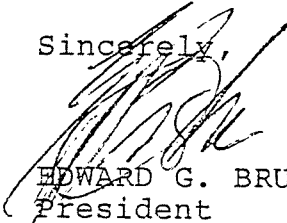
Dear Representative Braden:

I had a chance to go over the attached list of economic development initiatives. I don't see any reason why KCCI couldn't support most if not all of them. The only one we have concern about is Number 4, the "Repeal the Internal Improvement Prohibition." Much to my surprise, we have heard from an unusually large number of our members relative to this issue. There is concern that the state would be moving into areas normally supplied by the private sector. Perhaps this initiative should be looked at in closer detail and an attempt made to structure said initiative in such a way that would keep the state out of the typical areas of private enterprise.

I am not too sure how this would be completed, but we would be more than happy to work with you on the wording, etc.

I hope this information is helpful to you.

Sincerely,


EDWARD G. BRUSKE
President

Encls.

crw

Attachment E

"A Hachmat F"

3-18-86 #5
Economic Dev. Comm.

House Concurrent Resolution No. 5047

By Representatives Hayden, Braden, Acheson, Apt, Aylward, Baker, Barr, Bideau, Brown, Bryant, Buehler, Bunten, C. Campbell, K. Campbell, Cloud, Crowell, Crumbaker, Dyck, Erne, Foster, Fox, Freeman, Friedeman, Fuller, Goossen, Graeber, Harper, Hassler, Hoy, Jenkins, King, Kline, Knopp, Littlejohn, Long, Louis, Lowther, R. D. Miller, Mollenkamp, Nichols, O'Neal, B. Ott, K. Ott, Patrick, Polson, Pottorff, Ramirez, Reardon, Roe, Rolfs, Runnels, Sand, Sifers, Smith, Snowbarger, Solbach, Sughrue, Vancrum, Wagon, Walker, Whiteman, Williams and Wunsch

Limited to new and expanding manufacturing facilities, research and development facilities, equipment and machinery and for a limited scope of non-manufacturing facilities having a potential for job creation.

- 0026 A PROPOSITION to amend article 11 of the constitution of the
- 0027 state of Kansas by adding a new section thereto, relating to the
- 0028 exemption of property for economic development purposes.
- 0029 *Be it resolved by the Legislature of the State of Kansas, two-*
- 0030 *thirds of the members elected (or appointed) and qualified to*
- 0031 *the House of Representatives and two-thirds of the members*
- 0032 *elected (or appointed) and qualified to the Senate concurring*
- 0033 *therein:*
- 0034 Section 1. The following proposition to amend the constitu-
- 0035 tion of the state of Kansas shall be submitted to the qualified
- 0036 electors of the state for their approval or rejection: Article 11 of
- 0037 the constitution of the state of Kansas is amended by adding a
- 0038 new section thereto to read as follows:
- 0039 "§ 13. Exemption of property for economic development
- 0040 purposes; procedure; limitations. (a) The board of county
- 0041 commissioners of any county or the governing body of any city
- 0042 may, by resolution or ordinance, as the case requires, exempt
- 0043 from ad valorem taxation all or any portion of the appraised
- 0044 valuation of: (1) All buildings, together with the land upon
- 0045 which such buildings are located, and all tangible personal
- 0046 property associated therewith used exclusively by a business

Attachment F

0047 commencing operations after the date on which this amend-
 0048 ment is approved by the electors of this state; or (2) all
 0049 buildings, or added improvements to buildings constructed
 0050 after the date on which this amendment is approved by the
 0051 electors of this state, together with the land upon which such
 0052 buildings or added improvements are located, and all tangible
 0053 personal property purchased after such date and associated
 0054 therewith, necessary to facilitate the expansion of an existing
 0055 business.

0056 (b) Any ad valorem tax exemption granted pursuant to
 0057 subsection (b) shall be in effect for not more than 10 calendar
 0058 years after the calendar year in which the business com-
 0059 mences its operations or the calendar year in which expansion
 0060 of an existing business is completed, as the case requires.

- (1) *partial exemption*
- (2) *for less than ten years*

0061 (c) The legislature may limit or prohibit the application of
 0062 this section by enactment uniformly applicable to all cities or
 0063 counties.

0064 (d) The provisions of this section shall not be construed to
 0065 affect exemptions of property from ad valorem taxation
 0066 granted by this constitution or by enactment of the legislature,
 0067 or to affect the authority of the legislature to enact additional
 0068 exemptions of property from ad valorem taxation found to
 0069 have a public purpose and promote the general welfare.”

0070 Sec. 2. The following statement shall be printed on the bal-
 0071 lot with the amendment as a whole:

0072 “*Explanatory statement.* This proposed amendment would
 0073 authorize cities and counties to grant property tax exemptions
 0074 for economic development purposes.

0075 .“A vote for the proposed amendment would allow the gov-
 0076 erning body of a city or county to exempt property of a new
 0077 business or property necessary to facilitate the expansion of an
 0078 existing business from property taxation for a period not to
 0079 exceed 10 years.

0080 A vote against the proposed amendment will continue the
 0081 existing law that the legislature is the only authority to grant
 0082 property tax exemptions.”

0083 Sec. 3. This resolution, if approved by two-thirds of the

0084 members elected (or appointed) and qualified to the house of
0085 representatives and two-thirds of the members elected (or ap-
0086 pointed) and qualified to the senate, shall be entered on the
0087 journals, together with the yeas and nays. The secretary of state
0088 shall cause this resolution to be published as provided by law
0089 and shall cause the proposed amendment to be submitted to the
0090 electors of the state at the general election in the year 1986
0091 unless a special election is called at a sooner date by concurrent
0092 resolution of the legislature, in which case it shall be submitted
0093 to the electors of the state at the special election.

Attachment G

3-18-86

BILL NO. _____

By

Economic Dev. Comm.

AN ACT

Be it enacted by the Legislature of the State of Kansas:

Section 1. There is hereby established a standing committee of the senate known as the senate committee on economic development which shall consist of 11 members of the senate. Ten members of the committee shall be appointed in the same manner as members of other standing committees of the senate. The president of the senate, or another senator of the same party designated by the president, shall be a member and chairperson of the committee.

Sec. 2. There is hereby established a standing committee of the house of representatives known as the house committee on economic development which shall consist of 15 members of the house of representatives. Fourteen members of the committee shall be appointed in the same manner as members of other standing committees of the house of representatives. The speaker of the house of representatives or another representative of the same party designated by the speaker shall be a member and chairperson of the committee.

Sec. 3. (a) There is hereby created the joint committee on economic development which shall be composed of ~~three~~^{five} senators and ~~four~~^{eight} members of the house of representatives. The ~~three~~^{five} senate members shall be the chairperson of the standing committee on economic development of the senate, or a member of such committee appointed by the chairperson, ~~two~~^{two} members of such committee appointed by the president and ~~two~~^{two} members of such committee appointed by the minority leader. The ~~four~~^{eight} representative members shall be the chairperson of the standing committee on economic development of the house of

Attachment G

representatives, or a member of such committee appointed by the chairperson, ~~two~~^{four} members of such committee appointed by the speaker and ~~two~~^{three} members of such committee appointed by the minority leader.

(b) All members of the joint committee on economic development shall serve for terms ending on the first day of the regular legislative session in odd-numbered years. ~~The joint committee shall organize annually and elect a chairperson and vice-chairperson in accordance with this subsection.~~ After June 30 in odd-numbered years, the chairperson shall be one of the representative members of the joint committee ~~electe~~^{selected} by the ~~members of the joint committee~~^{Speaker} and the vice-chairperson shall be one of the senate members ~~electe~~^{selected} by the ~~members of the joint committee~~^{president}. After June 30 in even-numbered years, the chairperson shall be one of the senate members of the joint committee ~~electe~~^{selected} by the ~~members of the joint committee~~^{president} and the vice-chairperson shall be one of the representative members of the joint committee ~~electe~~^{selected} by the ~~members of the joint committee~~^{Speaker}. The chairperson and vice-chairperson of the joint committee shall serve in such capacities until July 1 of the ensuing year. The vice-chairperson shall exercise all of the powers of the chairperson in the absence of the chairperson. If a vacancy

~~occurs in the office of chairperson or vice-chairperson, a member of the joint committee, who is a member of the same house as the member who vacated the office, shall be elected by the members of the joint committee to fill such vacancy. Within 30 days after the effective date of this act, the joint committee shall reorganize and elect a chairperson and a vice-chairperson in accordance with the provisions of this act.~~

(c) A quorum of the joint committee on economic development shall be four. All actions of the joint committee shall be taken by a majority of all of the members of the joint committee.

(c) ~~(d)~~ The joint committee on economic development may meet at any time and at any place within the state on the call of the chairperson.

(e) The provisions of the acts contained in article 12 of chapter 46 of the Kansas Statutes Annotated, and amendments thereto, applicable to special committees shall apply to the joint committee on economic development to the extent that the same do not conflict with the specific provisions of this act applicable to the joint committee.

(f) In accordance with K.S.A. 46-1204 and amendments thereto, the legislative coordinating council may provide for such professional services as may be requested by the joint committee on economic development.

(g) The joint committee on economic development may introduce such legislation as it deems necessary in performing its functions.

①
Kansas, Inc.

~~SECTION 1. IC 43-14 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. 2. 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

BILL No. _____

By _____

AN ACT . . .

Be it enacted

Section 1. As used in this act:

- (a) "Board" means the board of directors of
the corporation; and
- (b) "corporation" means the economic development
council established under this act.

_____ K.S.A. _____

"Attachment H"

March 18, 1986

Economic Dev. Comm.

Attachment H

corporation; and

(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~~ published in the Kansas register
least fourteen (14) days before the hearing in accordance with ~~IC 5-14-1.5-5(b).~~ K.S.A. _____

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: 11 member

(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, Kansas

organized labor, state or local governmental agencies, and education, and who represent the diverse economic and regional interests throughout ~~Indiana~~; Kansas

(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);

(7) 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;

Kansas legislature
January

(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

K.S.A. _____

(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.

division of legislative post 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.

K.S.A. _____

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.

Kansas

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.