

Approved 2/12/87
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Phil Kline at
Chairperson

3:30 a.m./p.m. on Tuesday, January 27, 1987 in room 423-S of the Capitol.

All members were present except:

Representatives Barkis, Heinemann, R.H. Miller (All Excused)

Committee staff present:

Lynn Holt, Research

Jim Wilson, Revisor

Molly Mulloy, Secretary

Conferees appearing before the committee:

Tom Severn, Legislative Research

Harland Priddle, Secretary of the Department of Commerce

Chairman Kline called the meeting to order and introduced Tom Severn, who presented the findings and recommendations of the Capital Markets and Taxation Task Force of the Commission on Economic Development. Mr. Severn distributed an excerpt from the Final Report which dealt with Capital Markets and Taxation (Attachment 1), read the recommendations and answered questions from the Committee on specific items.

Mr. Severn stated that there were four major recommendations having to do with venture capital: (1) that 100% of Kansas Venture Capital, Inc's (KVC) investments be restricted to Kansas, but that the 60-40 provision be retained (2) that the venture capital tax credit be universal (3) that private investments in local seed capital pools be eligible for a 25% tax credit if the local pools meet certain criteria and (4) that KVC be complemented with an in-house venture capital network initially funded through the Department of Commerce. There were eleven additional recommendations having to do with capital marketing.

In regard to long term financing, the Commission recommended that a multipurpose statewide bond issuing authority be established to meet long term debt needs in the state.

In respect to banking law, the Commission recommended that intrastate branch banking by acquisition be allowed and that a Task Force on Interstate Banking be formed to study the effect of interstate banking in other states.

Mr. Severn discussed the four recommendations regarding securities: (1) that the Legislature enact the Kansas Security Commissioner's Industry Advisory Committee's recommendations that require legislative action (See page 12 of Attachment 1) (2) that the Industry Advisory Committee continue to study proposals to liberalize securities regulation within the existing merit review system (3) that the 1987 Legislature consider a forthcoming study of the impact of securities regulation on the flow of capital in Kansas and (4) that the International Trade Institute draft guidelines for a program wherein the state might guarantee portions of bid bonds posted by Kansas exporters.

The last set of recommendations concerns Taxation: (1) that the sales and use tax exemption for manufacturing machinery and equipment be expanded beyond enterprise zones to the entire state over the next four fiscal years (2) that the Dept. of Revenue study how Missouri's use of a single-factor apportionment formula affects the business location decisions along the Kansas-Missouri border (3) that the Legislature consider reductions in corporation income tax rates that would make Kansas more competitive with other states and (4) that a special task force be established to study Workers' Compensation system in Kansas. Mr. Severn noted that there is a three-factor formula which can be used to apportion the income of the whole enterprise of a multi-state corporation, which is to take a percentage of Kansas payroll, property and sales, average them, and apply that percentage to the corporation's profits. He explained that this methodology for apportioning has

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 423-S, Statehouse, at 3:30 a.m./p.m. on Tuesday, January 27, 1987

been upheld in many court cases as a reasonable way to apportion the income of a multi-state corporation.

The next presentation was by Secretary Harland Priddle of the Department of Commerce, who spoke on the "new" Department. He emphasized that although the department has a new name, three divisions of the old KDED remained intact in the department: the Community Development, Travel & Tourism and Industrial Development departments. As of 1/12/87, there are seven new FTE authorized for the Trade Development Division to help with exporting or selling products. In addition, there are supplemental staff in the Existing Industry Development office, previously called Small Business, who will staff six regional offices in different Kansas communities.

Secretary Priddle distributed two handouts (Attachments 2 and 3) which describe new economic development entities and initiatives in Kansas. Kansas, Inc. will be an advisory body which will look at strategy and policy planning for economic development. The Kansas Technology Enterprise Corporation (KTEC), previously known as the Advanced Technology Commission and part of the old KDED, became a separate entity on 1/12/87 and is not a part of the Department of Commerce. Its basic mission is high tech, the transfer of technology from the research sector to the private sector, with involvement in such things as Centers for Excellence, seed capital financing, research grants and so forth. A third new entity is Kansas Venture Capital Inc. (KVCII), whose sole purpose is to provide venture capital for Kansas companies. KVCII will be funded with \$10,000,000 from the sale of stock to banks, savings and loans, individuals and others, to be matched with \$10,000,000 of state money in nonvoting preferred stock in KVCII. This \$20,000,000 will be leveraged for a total of \$50,000,000. Priddle noted that all of the fifteen Board members for KVCII will be elected by the stockholders.

Looking to the future, Secretary Priddle said we should concentrate on improving existing industry within the state and proposed a Kansas Common Market program patterned on the European Common Market, which would encourage Kansans to buy from Kansans and would create jobs and money within the state.

In conclusion, Secretary Priddle suggested that the House Economic Development Committee hear from people at KTEK, Kansas Inc., Kansas Venture Capital, and other state agencies such as Transportation, Human Resources and Revenue, which also impact on economic development in Kansas.

The meeting was adjourned by Chairman Kline at 4:45pm. The next meeting of the committee is at 3:30pm, Thursday, January 29, 1987.

Date: 1/27

QUEST REGISTER

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
VERN WHEELER	SOS	
Alvie Price	KBA	Topeka
Jon Josseland	Wichita Chamber	Wichita
Chuck Stones	KS Bankers Assoc	Topeka
GENE MERRY	Burlington Chamber	Burlington
Harold Priddle	Dept of Commerce	Topeka
DVO GRANT	KCCI	"
Ed Schaut	McGill & Associates	Topeka
Susan Duffin	Budget Division	Topeka
Glen Swenson	Bd of Agric	Topeka
Mike Jensen	KS Pork Producers Council	Manhattan
Chip Wheeler	McGill & Associates	Topeka
JEFF RUSSELL	UNITED TELE. CO. OF KS.	TOPEKA
Kevin Carr	KTEC	"
TON GACHES	Boeing	WICHITA
Kevin Davis	League of KC Muni	Topeka
Mike Racht	A T U T	Topeka

CAPITAL MARKETS AND TAXATION

Capital Markets

- That 100 percent of Kansas Venture Capital, Inc.'s (KVC) investments be restricted to Kansas, but that the 60-40 provision for private Kansas venture capital companies be retained.
- That the venture capital tax credit be truly universal, available to every for-profit, nonprofit, public, private, in-state, out-of-state, incorporated or unincorporated entity investing in Kansas venture capital company stock.
- That private investments in local seed capital pools be eligible for a 25 percent tax credit if the local pools meet certain criteria.
- That KVC be complemented with an in-house venture capital network, initially funded through the Department of Commerce. (Fiscal note: \$20,000.)

And also that: (1) an investor borrowing funds to purchase Kansas venture company stock be eligible for a tax credit on the full investment amount; (2) absent decertification, a taxpayer disposing of a portion of his investment would not lose a portion of the credit through recapture; (3) KVC investments be structured as equity or unsecured subordinated debt with warrants convertible to equity; (4) the \$1.5 million already invested in KVC be reinvested, classified as new investment, and be credited toward the \$10 million requirement; (5) the state invest in KVC preferred stock after the full \$10 million has been raised; (6) the ceiling of \$10 million investment eligible for the tax credit remain unchanged for FY 1987; (7) the Secretary of Commerce be allowed to interpret KVC's statute in ways which would not jeopardize the SBIC license, while still preserving the legislative intent; (8) any firm located within Kansas should qualify as a Kansas business for purposes of the tax credit; (9) local pools play a certain role within the statewide risk capital system and be accountable to the state for the use of the tax credit; (10) a taxpayer investing in a research-and-development partnership that does not expend all funds in the year of investment be eligible for a prorated tax credit; and, (11) a taxpayer disposing of an interest in a research-and-development partnership prior to expenditure of funds by the partnership effectively transfers the tax credit to the partner holding the interest at the time funds are expended.

- That a multipurpose statewide bond issuing authority be established to meet long-term debt needs in the state. The authority should be established as an instrumentality of the state, but separate from the Department of Commerce and other state agencies, subject to clearly established accountability and cost and benefit measures of performance. Although empowered to issue bonds for state purposes, the agency would not be empowered to package local, municipal general-obligation bonds unless

statutory language could be arrived at which would be acceptable to local municipalities and their Kansas investment bankers and bond counsel. (Fiscal note indeterminate.)

- That intrastate branch banking by acquisition be allowed.
- That a Task Force on Interstate Banking be formed to study the effect of interstate banking in other states and make recommendations which are in the best interests of the state's users of capital. (Fiscal note indeterminate.)
- That the Legislature enact the Kansas Security Commissioner's Industry Advisory Committee's recommendations that require legislative action. The first recommendation calls for the repeal of the statute requiring shares be held in escrow until the potential exists to pay 6 percent dividends. The escrow requirement would then be established by regulation, allowing escrow to be released after certain criteria are met. The second recommendation calls for replacing the statute placing a 15 percent commissions-and-expense ceiling on all issues with a statute allowing the Securities Commissioner discretion to waive the ceiling for small issues.
- That the Industry Advisory Committee continue to study proposals to liberalize securities regulation within the existing merit review system.
- That the 1987 Legislature consider a forthcoming study of the impact of securities regulation on the flow of capital in Kansas.
- That the International Trade Institute draft guidelines for a program wherein the state might guarantee portions of bid bonds posted by Kansas exporters, and that the Department of Commerce, using the guidelines drafted by the International Trade Institute, draw up implementation plans for the bid-bond guarantee program. Also that the Department of Commerce use the Trade Division to manage other cost-effective loan-guarantee programs to enhance export finance. (Fiscal note indeterminate.)

Taxation

- That the sales and use tax exemption for manufacturing machinery and equipment be expanded beyond enterprise zones to the entire state over the next four fiscal years, and that the enterprise zones' enhancement of job expansion and investment credits, determined to be not cost-effective, be repealed. (Final fiscal note: \$14.5 million; FY 1988 fiscal note: \$4.0 million.)
- That the Department of Revenue study how Missouri's use of a single-factor apportionment formula affects the business location decisions along the Kansas-Missouri border and make recommendations to the Legislature about how Kansas can encourage more corporations to locate here. (Fiscal note indeterminate.)

- That the Legislature consider reductions in corporation income tax rates that would make Kansas more competitive with other states. (Fiscal note indeterminate.)

- That a special task force be established to study all aspects of the Workers' Compensation system and its administration in Kansas. Because of the growing pressures on the system, recommendations would be made to the standing Committees on Economic Development during the 1987 Session. (Fiscal note indeterminate.)

ECONOMIC DEVELOPMENT

Economic Development Legislative Committees and Studies

H.B. 3122 creates standing House, Senate, and Joint Committees on Economic Development. The 13-member Joint Committee will be composed of five Senators and eight Representatives including the chairmen of the House and Senate standing committees and would be created effective January 1, 1987. The standing committees are established pursuant to existing laws and regulations governing other standing committees of the Legislature.

In addition to the creation of the committees, the bill identifies five areas of study to be reviewed prior to the convening of the 1987 Legislative Session. These areas include:

1. The appropriateness of Kansas agricultural research to the changing needs of the economy.
2. The appropriateness of Kansas capital markets to the rapidly changing needs of Kansas business, industry, and agriculture.
3. The appropriateness of the existing state governments' tax structure to the rapidly changing needs of the Kansas economy.
4. The control, supervision, and financing of postsecondary education in Kansas.
5. The appropriateness of the state's business training and employment development programs.

The studies are to be accomplished by the Legislative Economic Development Commission created by H.C.R. 5034 or by task forces appointed by the Commission. The Commission is also given the authority to appoint further task forces to study any additional recommendations proposed in the final report of the Kansas Economic Development Study which is to be completed in the spring of 1986.

Joint Legislative Commission on Economic Development

H.C.R. 5034 created a ten-person Joint Legislative Commission on Economic Development. The Commission was charged with studying and making recommendations regarding the role of the state in carrying out a comprehensive plan of action for economic development and orderly growth for the state of Kansas. The Commission was to make an interim report to the Legislature and the Legislative Coordinating Council not later than March 19, 1986, recommending actions to be taken during the 1986 regular session of the Legislature and a final report to the Legislative Coordinating Council not later than November 1, 1986 regarding such additional recommendations as the Commission may determine.

(The Commission's interim recommendations have been incorporated into House Bill Nos. 2951, 2960, and 3122; House Concurrent Resolution No. 5047; Senate Bill Nos. 754, 755, 756, and 757; and Senate Concurrent Resolution No. 1635.)

Kansas, Inc.

H.B. 2960 creates Kansas, Inc., a quasi-public, not-for-profit corporation to be run by a board of 15 predominantly private sector members serving in an advisory capacity to the Governor, the Kansas Department of Commerce, and the standing and joint legislative committees on economic development. Kansas, Inc. will re-

place the existing advisory commission to the Department of Economic Development. The corporation is charged and empowered to:

1. coordinate 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;
2. oversee the implementation of the state's economic development plan and monitor the updates of that plan;
3. review and evaluate the state economic plan developed by the Department of Commerce;
4. update, revise, and manage the state's econometric modeling analysis and planning process;
5. provide appropriate oversight to insure the successful implementation of Kansas Venture Capital, Inc.; and
6. oversee the targeting of scarce state resources to enhance the state's comparative economic advantages.

The corporation must publish an annual report and, in 1993, shall begin a review and evaluation of the effectiveness of economic development programs and activities within the state and shall, based on its findings, make appropriate recommendations to the Legislature.

The Legislature will fund the activities of Kansas, Inc. in its first year of operation, but in subsequent years state funds must be matched by other funds on a two-thirds state and one-third private basis.

Kansas Technology Enterprise Corporation

Substitute for S.B. 755 enacts new statutes to create, as of January 12, 1987, the Kansas Technology Enterprise Corporation (KTEC), a nonprofit corporation to foster innovation in existing businesses and the development of new businesses in the state. KTEC will absorb and expand the activities of the existing Office of Advanced Technology and the Advanced Technology Commission.

KTEC will foster innovation by:

1. supporting the creation of centers of excellence for basic research, applied research and development, and technology transfer at Kansas educational institutions;
2. awarding competitive research grants to develop commercial applications;
3. engaging in seed capital financing; and
4. providing for the transfer of technology between Kansas educational institutions and Kansas small business.

The corporation must publish an annual report, adopt a threshold funding level for each of its programs, and recommend to the Governor and to the Legislature appropriations to make the programs competitive with comparable programs in other states.

Kansas Venture Capital Company Act

Substitute for S.B. 757 enacts the Kansas Venture Capital Company Act, to facilitate the formation of venture capital companies and the expansion of the Kansas economy.

A tax credit of 25 percent will be allowed for cash investment in a certified Kansas venture capital company made in tax years 1986 through 1992, up to a maximum total investment of \$24,000,000, including up to \$10,000,000 for Kansas Venture Capital, Inc. For any contributor, the credit in any year will be limited to 25 percent of the total amount of the credit and to 25 percent of the tax liability. Credits for any tax year may be carried back for up to three years or forward until used.

Venture capital companies will be certified by the Secretary of the Department of Commerce subject to rules and regulations to be adopted by October 1, 1986. To continue in certification the company will have to invest an increasing proportion of its original capitalization in equity in the ventures in which investments are made.

The companies will be required to file an annual report with the Secretary of the Department of Commerce for the Secretary's review of their compliance. Companies will have 120 days to correct any deficiency found by the Secretary. If the company does not meet the qualification requirements within the 120 days, it will be decertified. Upon decertification, the stockholders must repay to the state any credits taken for contributions of capital to the company.

A company in compliance with the Act may voluntarily decertify but will then be required to repay to the state any credits claimed by its investors. In the event of such voluntary decertification after the seventh year, investors will not be liable to repay any credits claimed.

The Secretary of Commerce must submit an annual report of activities under the act to the Governor, Legislature, venture capital companies, and Kansas, Inc. (created by H.B. 2960).

Reorganization of the Kansas Department of Economic Development

H.B. 2951 reorganizes the Kansas Department of Economic Development effective January, 1987. Under the provisions of the bill, the current Small Business Division and Office of Minority Business are merged and expanded to create the Existing Industry Development Division. The new division will have the primary responsibility in providing assistance and technical advice to existing Kansas firms. The responsibilities of the current Office of Advanced Technology are transferred to the quasi-public Kansas Technology Enterprise Corporation created by S.B. 755. In addition, a Trade Development Division is created and charged with the primary responsibility of seeking out new export markets for Kansas products, encouraging investment by foreign corporations, and assisting Kansas businesses in developing expertise in the export field. The name of the department is also changed to the Kansas Department of Commerce.

Statewide Risk Capital System

Substitute for S.B. 756 establishes a statewide risk capital system and prescribes procedures for the functioning of Kansas Venture Capital, Inc. (KVC) to implement this system. The Secretary of the Department of Commerce is authorized to invest \$10,000,000 of state moneys in nonvoting preferred stock of Kansas Venture Capital, Inc. This preferred stock would receive the same dividend and the same rate of capital appreciation as other capital stock of the corporation, but would be repaid in full prior to other shares being redeemed.

The investment may not be made until \$10,000,000 of new, voting common stock is purchased by banks, savings and loan associations, individuals, corporations, or other entities. Securities issued by KVCII are exempted from the registration requirements of the Kansas Securities Act.

The Board of Directors of KVCII will consist of 15 members: eight representatives of Kansas financial institutions; two venture capitalists or investment counselors; and five persons representing business sectors of importance to the Kansas economy. The corporation must publish an annual report and shall be subject to audit by the Legislative Division of Post Audit. Dividends of the corporation are exempted from corporation and individual income tax, financial institutions privilege tax, and domestic insurance company privilege tax.

Investors of up to \$10,000,000 in the voting common stock of the corporation will be eligible for a credit against income or privilege taxes of 25 percent of the investment, not to exceed 25 percent of the taxpayer's tax liability for that year. The credit could be claimed in equal installments over a four-year period. Credits claimed in any year which exceed 25 percent of the tax liability for that year may be carried back for three years or carried forward indefinitely until used.

PRESENTATION TO

HOUSE ECONOMIC DEVELOPMENT COMMITTEE

BY

HARLAND E. PRIDDLE
SECRETARY OF COMMERCE

January 27, 1987

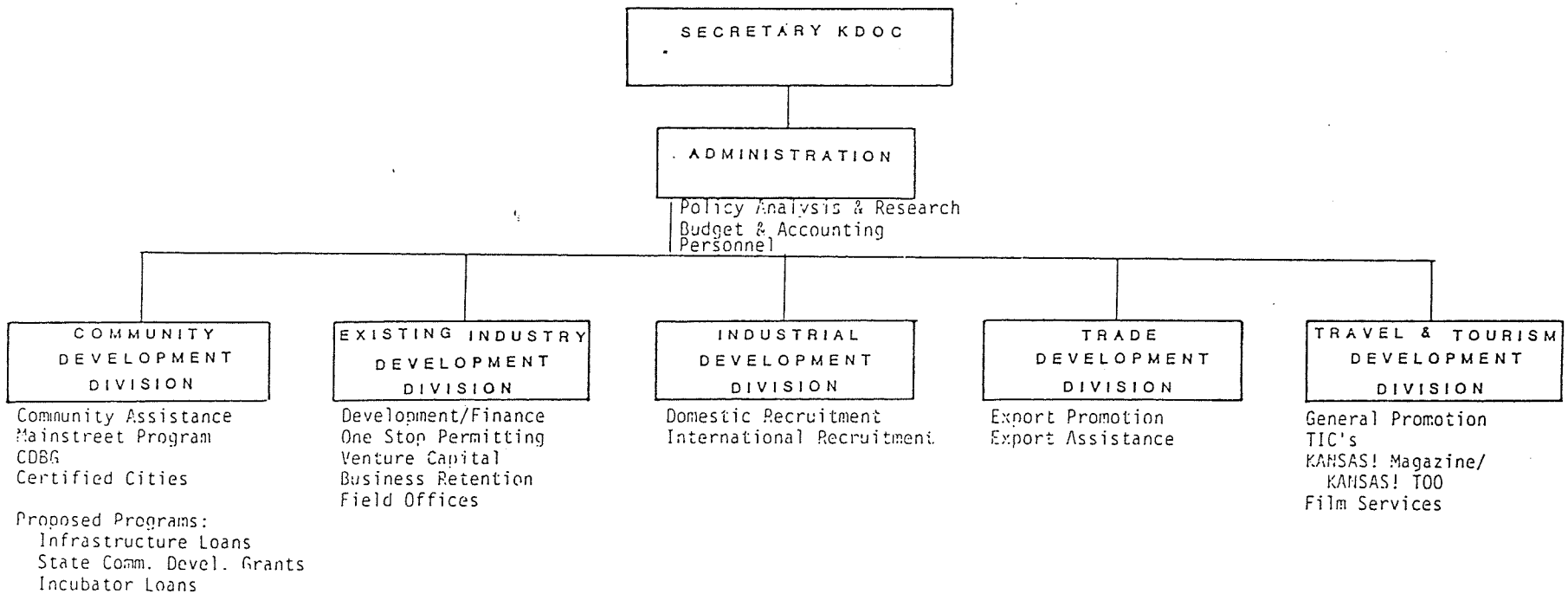
Attachment 3
1/27/87

REVIEW OF 1986 ECONOMIC DEVELOPMENT INITIATIVES

DEPARTMENT OF COMMERCE

KANSAS DEPARTMENT OF COMMERCE

FISCAL YEAR 1988



DEPARTMENT OF COMMERCE -- OFFICE OF THE SECRETARY

Mission: The Department of Commerce shall act as lead agency of the State for Economic Development for the promotion of business, industry, trade and tourism.

DEPUTY SECRETARY
GENERAL ADMINISTRATION
Policy Analysis & Research Unit,
Fiscal Accounting & Personnel

EXISTING INDUSTRY DEVELOPMENT
DIVISION

Mission: To promote and encourage growth, diversification, and retention of business and industry in Kansas.

Major Activities:

- * Small Business
- * Minority Business Devel.
- * One Stop Permitting
- * Field Offices
- * Local Community Technical Assistance
- * Community Development Block Grants--Economic Development
- * Liaison with Small Business Development Centers, Certified Development Companies, Venture Capital Companies

INDUSTRIAL DEVELOPMENT
DIVISION

Mission: To attract new business and industry from outside the state, thereby creating jobs, attracting new capital investment and expanding and diversifying the state's economic tax base.

Major Activities:

- * Domestic Business Recruitment
- * International Business Recruitment
- * Targeted Marketing Program
- * National Promotion Campaign

TRADE DEVELOPMENT DIVISION
DIVISION

Mission: To increase sales of Kansas agricultural and manufactured products worldwide, thereby creating jobs, bringing new dollars into the state, and enhancing the growth and expansion of the state's economic base.

Major Activities:

- * Domestic Trade Development
- * International Trade Development
- * Agriculture Trade Development

TRAVEL & TOURISM
DEVELOPMENT DIVISION

Mission: To increase the number of visitors to Kansas by promoting the state as a travel opportunity to both Kansans and non-Kansans alike.

Major Activities:

- * Promotion
- * Tourist Information Centers
- * Kansas Magazine
- * Film Services

COMMUNITY DEVELOPMENT
DIVISION

Mission: To provide grants, loans and technical assistance of Kansas communities to stimulate and support economic development activity.

Major Activities:

- * Community Assistance
- * Mainstreet Program
- * PRIDE Program
- * Community Development Block Grants--Small Cities
- * Enterprise Zones
- * Certified Cities Program

MISSION OF THE DEPARTMENT OF COMMERCE

The Department of Commerce shall act as lead agency of the State for Economic Development for the promotion of business, industry, trade and tourism.

OBJECTIVES OF THE DEPARTMENT OF COMMERCE

The following are considered to be objectives of the Department of Commerce in fulfilling their mission of the promotion of business, industry, trade and tourism in the State of Kansas.

- a. Facilitate the growth, diversification and expansion of existing industries and the creation by Kansans of new wealth generating enterprises.
- b. Promote economic diversification and innovation within the basic industries and sectors of the state.
- c. Promote increased productivity and value added products, processes and services among wealth generating enterprises and the export of those goods and services created by small and large Kansas enterprises to the nation and the world.
- d. Maintain and revitalize economically depressed rural areas and urban neighborhoods by targeting scarce resources by size, sector and location to communities and enterprises of particular need and opportunity, and by working in close collaboration with local communities.

- e. Protect and enhance the environmental quality of the state in ways consistent with dynamic economic growth.

- f. Forge a supportive partnership with the Legislative Standing and Joint Committees on Economic Development, Kansas, Inc., Kansas Technology Enterprise Corporation, Kansas Venture Capital, Inc., Kansas Certified Development Companies, Kansas Small Development Centers, Kansas Public and Private Educational Institutions, and other appropriate private and public sector organizations in achieving the economic development goals of the state.

- g. Increase the number of visitors to Kansas by promoting the state as a travel opportunity to both Kansans and non-Kansans.

- h. Increase sales of Kansas products worldwide, thereby creating jobs bringing new dollars into the state and enhancing the growth and expansion of the state's economic base.

1987
ECONOMIC DEVELOPMENT
STRATEGY STATEMENT

Prepared by: Kansas Department of Economic Development
October 31, 1986

1987 ECONOMIC DEVELOPMENT STRATEGY STATEMENT

1986 HB 2951 and HB 2960 charge the Kansas Department of Economic Development with the responsibility for preparing the state's economic development strategy. It is our belief that the Legislature intended for KDED to prepare a short, concise statement that articulates the state's major economic development goals and objectives. The attached strategy attempts to do this.

In preparation for writing the strategy, a review was made of the recommendations of the state's major consultants (Redwood and Krider, Belden Daniels, ASLAN, and Roger Vaughan), the Public Agenda Commission, Legislative Economic Development Commission, and publications cataloging the strategies of other states. The review found that the major thrusts of each were strikingly similar, and that the ultimate public purpose was always to create or retain jobs. Consequently, this strategy statement draws heavily from those recommendations and attempts to condense them into a single document.

The strategy contains five major goals and each goal has several sub-objectives. The major goals are to:

1. Improve the entrepreneurial climate in Kansas.
2. Encourage investment in business expansion, modernization and innovation.
3. Promote Kansas and its products.
4. Increase the state's investment in human capital through education.
5. Increase the quality of the state's infrastructure.

The strategy statement is different from the many recommendations in that it also articulates specific performance measures to gauge state's progress toward its economic development goals. This addition is critical, because until Kansas is able to regularly measure the effectiveness of its efforts, we can only speculate about our progress.

Every attempt was made to select "bottom line" performance measures that measure progress toward the desired end rather than the means to reach that end. In cases where data is currently not being gathered for the performance measures listed, a method will need to be devised to gather this data.

As you will note, the column titled "Improvement Goals Over Time" contains a space for short term and long term goals. These goals will be developed by the new Department of Commerce in negotiation with the organizations involved after Kansas, Inc. reviews the goals, objectives and performance measures.

Goal: 1.0: Improve the entrepreneurial climate in Kansas.

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
1.1 To identify and remove barriers that inhibit the birth and expansion of businesses, and that discourage businesses from moving to Kansas.	<p>1.1.1 Percentage increase in significant reforms to state statutory and regulatory policies that enable the intended goal to be achieved without unnecessarily restricting entrepreneurial incentives.</p> <p>1.1.2 Extent to which state policies allow the shifting of resources from declining businesses to expanding businesses.</p>			<p>State Agencies</p> <p>Dept. of Commerce</p> <p>Dept. of Health & Environment</p> <p>Dept. of Human Resources</p> <p>Dept. of Revenue</p> <p>Ks. Tech. Enterprise Corp.</p> <p>State Financial Regulatory Offices</p>

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
1.2 To encourage the birth, growth, diversification and retention of businesses in Kansas, particularly primary businesses.	<p>1.2.1 National ranking of the state's business climate, as measured by the:</p> <p>a. Percentage increase in net new jobs.</p> <p>b. Percentage increase in net new businesses.</p> <p>c. Percentage increase in total businesses (start-ups + retentions - closures).</p> <p>d. Percentage increase in fast-growing, young companies.</p> <p>e. Percentage increase in business headquarters located in Kansas.</p> <p>1.2.2 Growth of publicly held, Kansas-based companies, as measured by the:</p> <p>a. Percentage increase in the number of new issues in over-the-counter stock traded.</p> <p>b. Percentage increase in the market capitalization of existing issues of over-the-counter stock.</p> <p>1.2.3 Quantity and quality managerial and financial assistance available to businesses, as measured by the:</p> <p>a. Percentage increase in businesses (pre-start, new existing & established existing) assisted by Small Business Development Centers that survive beyond two and five year periods.</p> <p>b. Percentage increase in permanent jobs created and sales growth over time in businesses assisted by Small Business Development Centers.</p> <p>c. Percentage increase in permanent jobs created or retained by businesses assisted by Certified Development Companies.</p> <p>d. Provision of 50% or greater of SBDC or CDC services to primary businesses.</p>			<p>State Agencies</p> <p>Dept. of Commerce</p> <p>Ks. Tech. Enterprise Corp.</p> <p>Local Economic Development Org.</p> <p>Small Business Development Ctrs.</p> <p>Certified Development Companies</p>

Goal: 2.0: Encourage investment in business expansion, modernization and innovation.

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
2.1 To identify and attempt to fill financial gaps that inhibit innovation and expansion.	2.1.1 Extent to which new and expanding businesses with sound management and business proposals are able to obtain needed debt and equity financing, as measured by the: <ul style="list-style-type: none"> a. Percentage of the assets of state financial institutions committed to commercial and industrial loans. b. Percentage of loans under \$25,000 to new businesses by state financial institutions. c. Percentage of loan portfolios of state financial institutions committed to export finance. d. Percentage increase in investments in Kansas businesses by pension funds. e. Percentage of investment by formal venture capital companies in Kansas businesses. 			State Agencies Dept. of Commerce State Financial Regulatory Offices State Financial Institutions Venture Capital Companies

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
2.2 To encourage increased risk taking by financial institutions without jeopardizing the integrity of the institutions.	2.2.1 Percentage increase in significant reforms to state statutory and regulatory policies that enable financial institutions to price risk, that is, to earn a higher rate of return from successful but risky ventures to compensate for a higher default or failure rate on unsuccessful ones. 2.2.2 Percentage of financial institution portfolios invested in more risky business ventures.			State Agencies Dept. of Commerce State Financial Regulatory Offices State Financial Institutions

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
2.3 To expedite the commercialization of innovative processes and products.	2.3.1 Increase innovative business activity by Kansans and Kansas companies, as measured by the: <ul style="list-style-type: none"> a. Percentage increase in patents granted in Kansas. b. Percentage increase in the money spent on research and development by business. c. Percentage of state research grants that result in the successful commercialization of an innovative product or process. 			State Agencies Kansas Tech. Enterprise Corp. Universities

Goal: 3.0: Promote Kansas and its products.

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
3.1 To encourage out-of-state and foreign based businesses to open a plant or facility in Kansas, particularly primary businesses.	3.1.1 Increase in the quantity and quality of investment by out-of-state firms, as measured by the: a. Percentage of businesses attracted to Kansas. b. Percentage of jobs created by businesses attracted to Kansas. c. Average salary level of the jobs created by businesses attracted to Kansas. d. Percentage increase in business headquarters attracted to Kansas.			State Agency Dept. of Commerce Local Economic Development Org.
3.2 To increase the exportation of Kansas products to foreign countries.	3.2.1 Percentage increase in foreign exports by Kansas businesses.			State Agencies Dept. of Agriculture Dept. of Commerce Local Economic Development Org.
3.3 To encourage import substitution, that is, the substitution of Kansas products for products imported from outside Kansas.	3.3.1 Percentage increase in the number of instances in which major substitutions occur.			State Agencies Dept. of Agriculture Dept. of Commerce Local Economic Development Org.
3.4 To increase the number of visitors in Kansas.	3.4.1 Increase in the number and impact of visitors in Kansas, as measured by the: a. Percentage of non-Kansans who visit Kansas for vacation, regional and national conventions and conferences. b. Percentage of Kansans who opt to vacation in Kansas. c. Percentage of dollars spent in Kansas by Kansans and non-Kansans in a & b.			State Agencies Dept. of Commerce Park & Resources Authority Local Tourism Organizations

Goal: 4.0: Increase the state's investment in human capital through education.

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
4.1 To remove barriers that limit the ability of state post secondary education institutions adapt to changing demands and technologies.	4.1.1 Quality and quantity of post secondary education, as measured by a statewide institutional comparison of the: <ul style="list-style-type: none"> a. Percentage of students placed in jobs upon graduation. b. Average salary of graduates upon graduation. 			State Board of Education Community Colleges Vocational Schools Board of Regents State Universities

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Amount	4 Year	
4.2 To increase the ability of the state's business training system to meet the needs of existing businesses and those recruited from outside Kansas.	4.2.1 Quality and quantity of customized business training, as measured by the: <ul style="list-style-type: none"> a. Percentage increase in recruited businesses that need and receive state financial assistance for business training. b. Percentage increase in expanding existing businesses that need and receive state financial assistance for business training. c. Percentage increase in existing businesses that need and receive state financial assistance to retrain employees for other jobs. 			State Agencies State Board of Education Community Colleges Vocational Schools Dept. of Commerce Dept. of Human Resources Board of Regents State Universities Local Private Industry Councils

Goal: 5.0: Increase the quality of the state's infrastructure.

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
5.1 To provide a basic system of state infrastructure — transportation networks, recreational facilities and public buildings — conducive to economic development.	5.1.1 Percentage increase in state owned and maintained infrastructure that meets reasonable standards of adequacy. 5.1.2 Percentage reduction in the cost of economic development related infrastructure financing for local governments.			State Agencies Dept. of Commerce Dept. of Transportation Dept. of Health & Environment Kansas Water Office Park & Resources Authority

Objective	Performance Measure(s)	Improvement Goal(s) Over Time		Responsible Organization(s)
		Annual	4 Year	
5.2 To provide a basic system of local infrastructure — roads and bridges, water supply and treatment, utilities and public buildings — conducive to economic development.	5.2.1 Percentage of locally owned and maintained infrastructure that meets reasonable standards of adequacy.			Local Governments

KANSAS INC

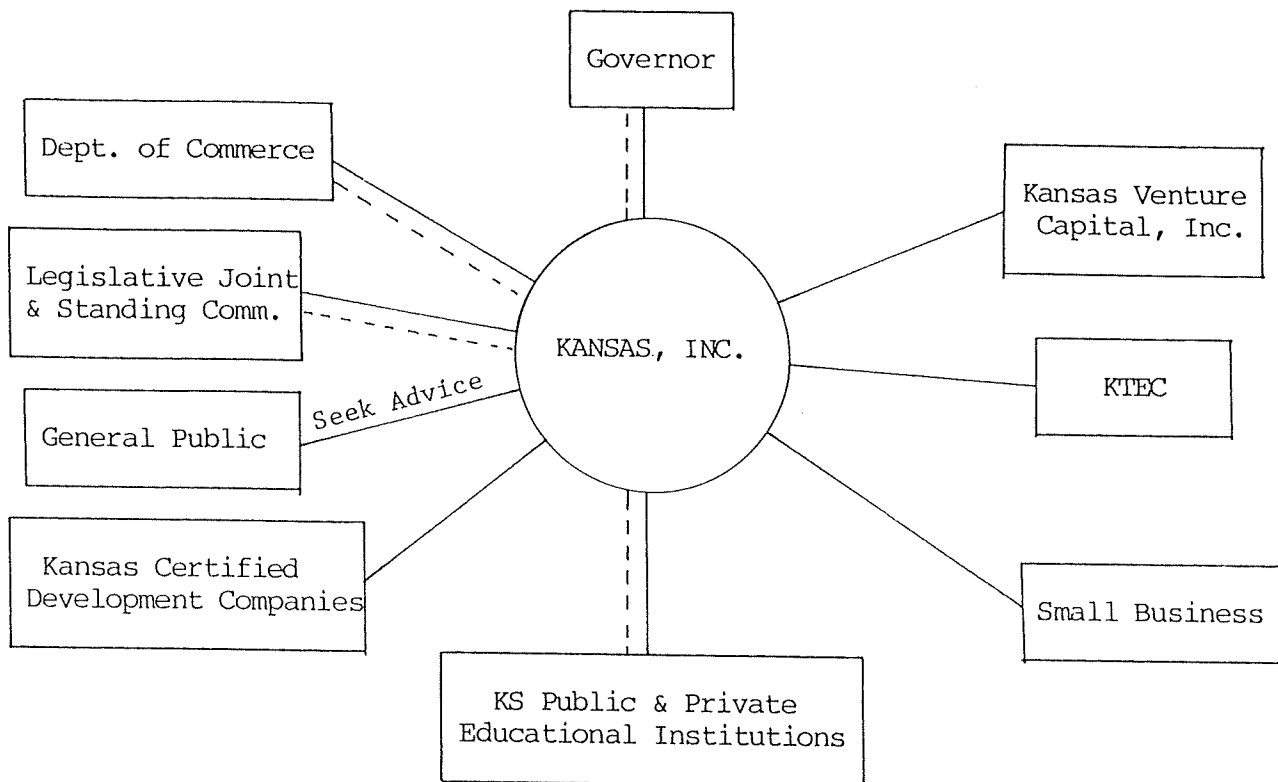
KANSAS, INC.

GENERAL COMMENTS

Kansas, Inc. is the key policy direction agency created by the 1986 legislative session in their economic development initiatives. This new corporation has broad responsibilities in the development of economic development issues for Kansas for many years to come.

The following sections outline suggested actions and comments relating to the implementation of this key quasi-public entity in Kansas. Kansas, Inc. should assert itself and become the lead agency as quickly as possible in giving direction and coordination for the development of the economic development issues for the future. Initial strong membership indicates the ability to accomplish these specific actions, provided the intercoordination between the Department of Commerce, Kansas, Inc. and other new organizations and activities is accomplished.

ORGANIZATIONAL RELATIONSHIPS OF KANSAS, INC.



————— Partnership Role
 - - - - - Advisory Capacity

NOTE:

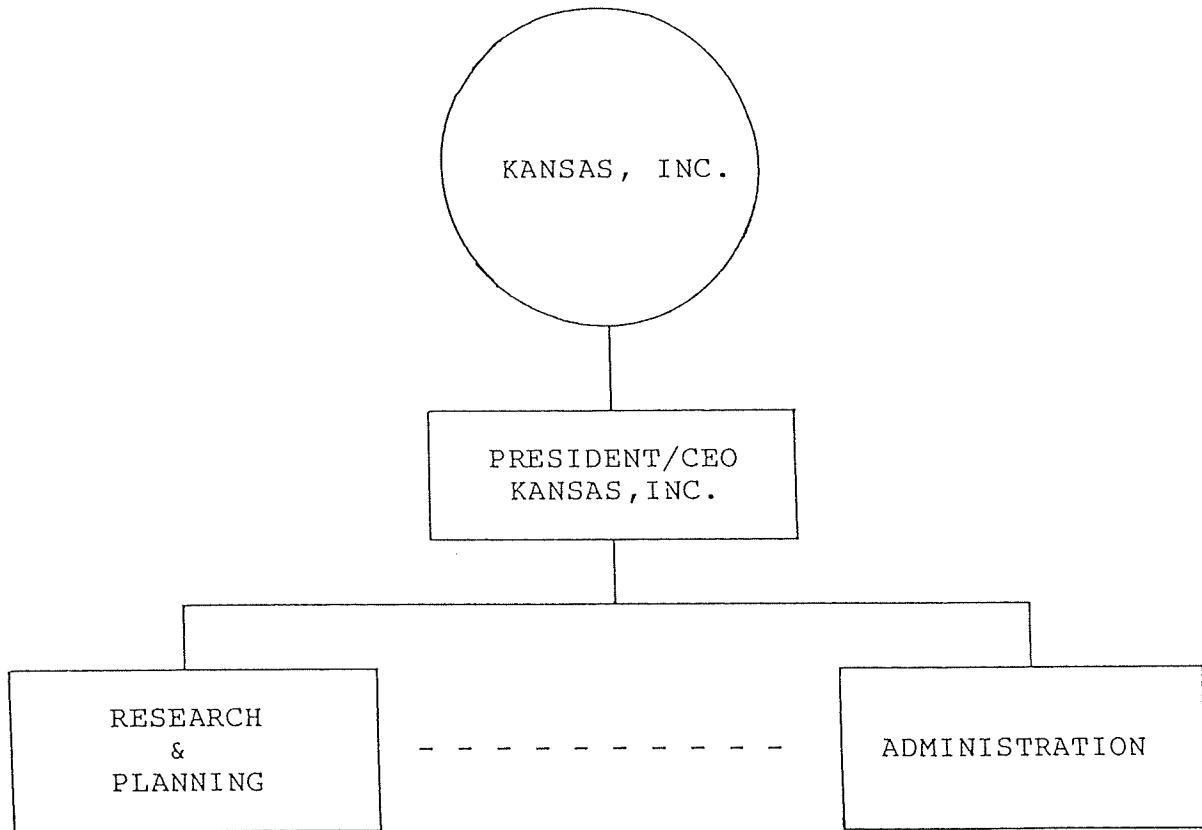
A. Governor is Co-Chairman of Kansas, Inc. other members included:

1. Secretary of Commerce
2. 1 each appointed by the Governor from Agriculture, aviation and oil industries.
3. 1 appointed by the Governor from value added industry.
4. 2 appointed by the Governor from financial industry.
5. 1 appointed by the Governor from labor.
6. Commander of Kansas Calvary
7. 1 select by the Board of Regents
8. 4 legislative appointments by:
 - a. Speaker
 - b. President of the Senate
 - c. House minority leader
 - d. Senate minority leader

B. Kansas, Inc. will serve in an advisory capacity to the Department of Commerce, legislative committees and Governor's office. All other organizational relationships will be in an oversight position to insure that economic goals of the state are achieved.

ORGANIZATIONAL CHART

KANSAS, INC.



MISSION OF KANSAS, INC.

Kansas, Inc. will function as the Board of Directors of Kansas Economic Development policy, to evaluate the effectiveness of the state's economic development programs and to insure that all agencies and individuals in the development system work together to improve the state's economy.

OBJECTIVES OF THE KANSAS TECHNOLOGY ENTERPRISE CORPORATION

The objectives of the Kansas Technology Enterprise Corporation (KTEC) are as follows:

- a. To promote the collaborative research between universities and industries through:
 1. The applied research matching grant program.
 2. Centers of excellence programs (basic research fund, applied research fund, and technology transfer fund).
- b. To assist existing and prospective Kansas enterprises in start up and capitalization in the formation of effective business plans, financial proposals and protection of intellectual property.
- c. To attract research facilities, grants and other funds to Kansas, including development of proposals for such facilities and projects, from sources including federal government, the Midwest Technology Development Institute and the private sector.

- d. To develop centers of excellence for basic and applied research in technology transfer which meet national standards of excellence.
- e. To maximize the potential for return on the investments made by the corporation by acquiring ownership or taking license and patents, copyrights, and proprietary processes, or negotiating royalty payments to the corporation.
- f. To provide seed capital financing for commercializing innovations by Kansas enterprises.
- g. To promote Kansas high technology programs and the advantages of doing technology related business in Kansas through promotions, conducting an annual Kansas technology exposition and presence at national high technology trade shows.

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KANSAS TECHNOLOGY ENTERPRISE CORPORATION

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

GENERAL COMMENTS

The Kansas Technology Enterprise Corporation (KTEC), created by Senate Bill 755, will become effective on January 12, 1987. KTEC replaces the previous Advanced Technology Commission, an office within the Kansas Department of Economic Development, as the new quasi-public entity. The Board of Directors of KTEC will be composed of 15 appointed individuals outlined in the statute creating the organization. These include 10 appointments by the Governor, 4 legislative appointments and the Governor or Secretary of Commerce.

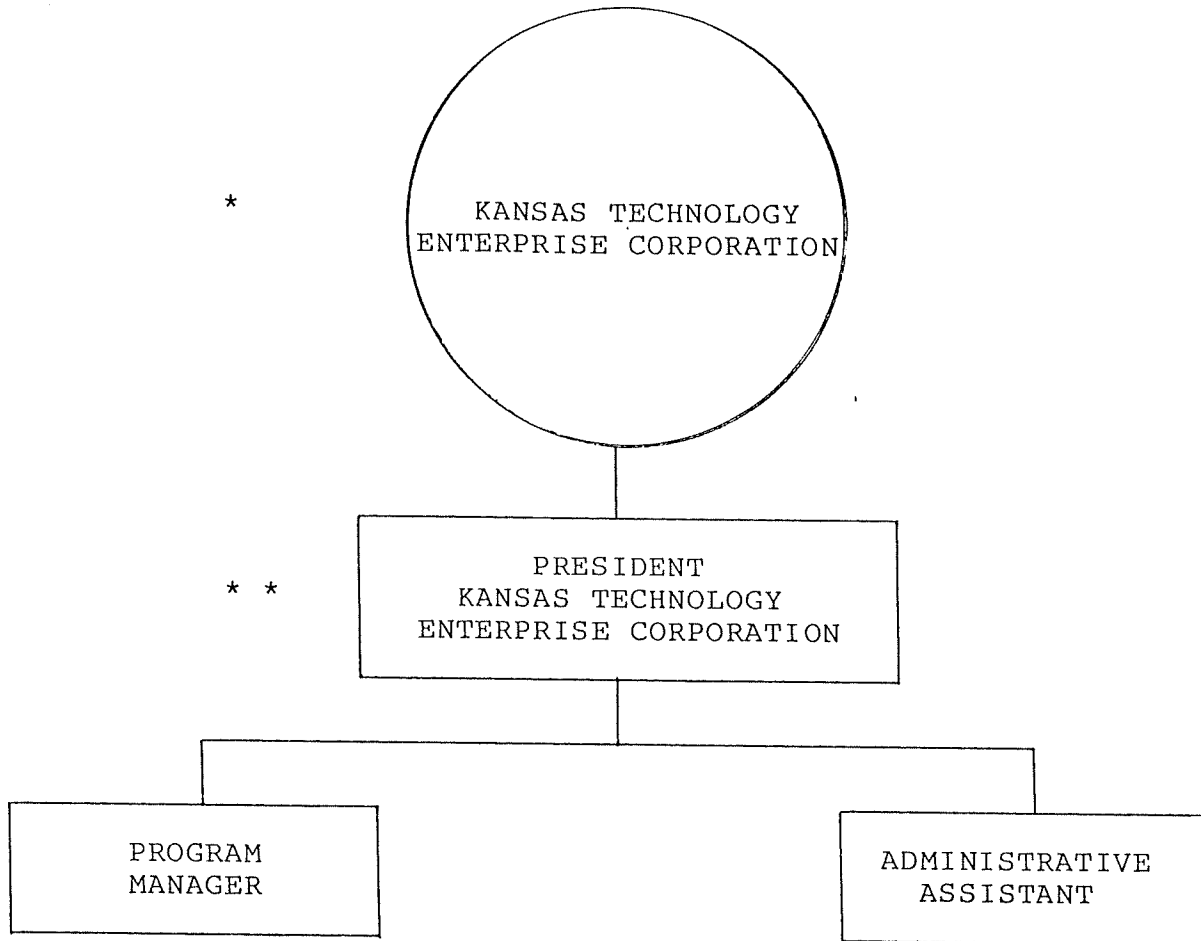
The Kansas Department of Economic Development currently has 3 staff members assigned to support the Advanced Technology Commission. These will automatically be transferred to KTEC to support and assist with such actions as the organizational and functional structure dictate, as well as the budget and personnel requirements of the new corporation. The selection of the President by the board of the Kansas Technology Enterprise Corporation will be one of the initial implementation actions required by KTEC.

KTEC has the sufficient responsibility for coordinating and directing the efforts of research and development within Kansas, to assure that new innovations in high technology are

available to private sector businesses for growth and expansion of Economic Development within the state. The following sections outline specific thoughts and recommended actions regarding the implementation of KTEC.

ORGANIZATIONAL CHART

KANSAS TECHNOLOGY ENTERPRISE CORPORATION



*

* *

* 15 Members

Governor or Secretary of Commerce
10 Members appointed by the Governor
 4 from private sector
 4 scientists or engineers
 2 from financial sector

4 Legislative Appointments
 Speaker of House
 President of the Senate
 House Minority Leader
 Senate Minority Leader

* * President, Program Manager and Administrative Assistant
makeup the total staff support for Kansas Technology
Enterprise Corporation.

KANSAS TECHNOLOGY ENTERPRISE CORPORATION

MISSION STATEMENT

The Kansas Technology Enterprise Corporation (KTEC) will provide the imagination and resources for innovation in existing and developing businesses, especially the creation, growth and expansion of Kansas enterprises in a diversified range of primary sectors dealing with value added products, processes and services.

OBJECTIVES OF THE KANSAS TECHNOLOGY ENTERPRISE CORPORATION

The objectives of the Kansas Technology Enterprise Corporation (KTEC) are as follows:

- a. To promote the collaborative research between universities and industries through:
 1. The applied research matching grant program.
 2. Centers of excellence programs (basic research fund, applied research fund, and technology transfer fund).
- b. To assist existing and prospective Kansas enterprises in start up and capitalization in the formation of effective business plans, financial proposals and protection of intellectual property.
- c. To attract research facilities, grants and other funds to Kansas, including development of proposals for such facilities and projects, from sources including federal government, the Midwest Technology Development Institute and the private sector.

- d. To develop centers of excellence for basic and applied research in technology transfer which meet national standards of excellence.
- e. To maximize the potential for return on the investments made by the corporation by acquiring ownership or taking license and patents, copyrights, and proprietary processes, or negotiating royalty payments to the corporation.
- f. To provide seed capital financing for commercializing innovations by Kansas enterprises.
- g. To promote Kansas high technology programs and the advantages of doing technology related business in Kansas through promotions, conducting an annual Kansas technology exposition and presence at national high technology trade shows.

OTHER INITIATIVES

JOINT AND STANDING COMMITTEES ON ECONOMIC DEVELOPMENT

KANSAS VENTURE CAPITAL CORP

ECONOMIC DEVELOPMENT TASK FORCES

TASK FORCE ON AGRICULTURE

Legislators

Rep. David Heinemann
Chairperson

Sen. Fred Kerr
Vice-Chairperson

Sen. Merrill Werts

Sen. Jerry Karr

Rep. Bill Bryant

Rep. Don Rezac

Non-Legislators

Gary Gilbert, Gilbert Grain
(Clay Center)

Dale Rodman, Excel Corporation
(Wichita)

Eugene Beachner, Beachner Seed Co.
(St. Paul)

Wayne Hagerman, Farmer
(Larned)

John Davis, Fidelity Bank
(Garden City)

Dana Jackson, The Land Institute
(Salina)

Richard Basore, Farmer
(Bentley)

The charge to the Economic Development Task Force on Agriculture was to recommend ways and means by which agriculture research and development in Kansas might be redirected and enhanced: (1) to underpin the development of a broader agricultural base through diversification into new commodities; (2) to facilitate the application of new scientific technologies to value added processing of Kansas agricultural commodities within Kansas; and (3) to support the successful commercialization of new products and processes in national and international markets.

TASK FORCE ON BUSINESS TRAINING

Legislators

Sen. Alicia Salisbury,
Chairperson

Rep. Denise Apt,
Vice-Chairperson

Sen. Leroy Hayden

Sen. Ben Vidricksen

Rep. Rick Bowden

Rep. Dorothy Nichols

Non-Legislators

Buddy Baker, Midland Brake
(Iola)

Fred P. Braun, Jr., Zephyr
Products, Inc.
(Leavenworth)

Gary Clark, University of
Kansas (Lawrence)

Richard Corwin, Famous
Companies (Topeka)

Ron Hoover, United Rubber
Workers of America,
Local 207 (Topeka)

John Moore, Cessna Aircraft
Company (Wichita)

James H. Stringer,
Hutchinson Community
College (Hutchinson)

**(Funded in Part by a Grant from the
National Conference of State Legislatures and
Office of Educational Research and Improvement
(U.S. Department of Education))**

The Task Force on Business Training was charged with addressing the appropriateness of the state's business training and employment development programs with regard to the rapidly changing needs of the Kansas economy.

The work of the Task Force was conducted through a series of two-day meetings in each of the months of July through October and one day in November. During this time the Task Force endeavored to develop an in-depth understanding of the present job training system, to receive input in the form of suggestions and recommendations for improving the system from as many interested parties as possible, and to evaluate the analysis and recommendations of two consultants whose services were retained on behalf of the Task Force. The consultants were Dr. Roger J. Vaughan, Roger Vaughan Associates, and Dr. Charles Krider, Director of Business Research, Institute for Public Policy and Business Research, University of Kansas.

TASK FORCE ON CAPITAL MARKETS
AND TAXATION

Legislators

Sen. Dave Kerr, Chairman

Rep. Clyde Graeber,
Vice-Chairman

Sen. Paul "Bud" Burke

Sen. Frank Gaines

Rep. Clint Acheson

Rep. Joan Adam

Non-Legislators

Charles Becker, Campbell-Becker
(Lawrence)

Ben Craig, Metcalf State Bank
(Overland Park)

Nancy Hiebert, Douglas County
Commissioner (Lawrence)

Lee Peakes, George K. Baum and Co.
(Kansas City)

Daryl Schuster, First National Bank
(Liberal)

Shelby Smith, Former Lieutenant Governor
(Wichita)

Montie Taylor, Peoples Savings and Loan
(Parsons)

The Task Force on Capital Markets and Taxation was charged to evaluate the appropriateness of Kansas capital markets and tax structure to the rapidly changing needs of the Kansas economy, to undertake a benefit-cost analysis of Kansas tax incentives, and to review the adequacy and structure of the Kansas risk capital system.

The Task Force held five two-day meetings and received testimony from major interest groups as well as several individual firms affected by the financial and tax structure. Dr. Charles Krider was commissioned to conduct the benefit/cost analysis, and Belden Daniels was retained as consultant on capital markets issues.

TASK FORCE ON HIGHER EDUCATION

<u>Legislators</u>	<u>Non-Legislators</u>
Rep. Phil Kline, Chairman	Gary Bell, Wichita City Commissioner
Sen. Audrey Langworthy, Vice-Chairman	Frank Eaton, Schwab- Eaton, P.A.
Sen. Nancy Parrish	Dr. Gery Hochanadel, Pres., Labette Community College
Sen. Wint Winter	Dr. Michael McCarthy, Pres., St. Mary of the Plains College
Rep. Jo Ann Pottorff	Sandra McMullen, Kansas Board of Regents
Rep. Bill Reardon	Frances Royer, Washburn Board of Regents and Pres., St. Mary's State Bank
	Don Slawson, Kansas Board of Regents and Pres. Slawson Companies, Inc.

The Task Force was given the following charge:

1. Evaluate the appropriateness of the state's higher education system to meet the rapidly changing needs of the Kansas economy.
2. Evaluate control, supervision, and financing of postsecondary education in other states, compare other states' policies with those of Kansas, and create policies appropriate to Kansas based on the interstate analysis.
3. Evaluate control, supervision, and financing of postsecondary education in Kansas, including (a) a review and determination of the mission of public postsecondary education to and beyond the year 2000; (b) the kind of structure, control, and supervision required of public postsecondary education to accomplish such mission; and (c) the principles and level of financing of public postsecondary necessary to accomplish such mission.
4. Evaluate other states' policies which increase their commitment and investment in higher education and which encourage closer working relationships between industry, higher education, and state government.

In undertaking this review, the Task Force was directed by the Commission to:

5. Coordinate closely with the Board of Regents special study of the mission, role, and scope of each Regents' institution.
6. Coordinate closely with the Special Interim Committee on Financing of Regents' Institutions.
7. Coordinate closely with the Board of Education study of the mission of community colleges.
8. Coordinate closely with the Task Force on Business Training and Vocational Education.

The Task Force was served by two consultants: Dr. H. Edward Flentje, Professor of Public Administration, Hugo Wall Center for Urban Studies, Wichita State University, and Dr. Anthony Redwood, Executive Director, Institute for Public Policy and Business Research, University of Kansas. Dr. Flentje served as principal consultant to the Task Force on governance of higher education. Dr. Redwood assisted the Task Force by providing information and recommendations on higher education-business sector linkages for economic development.

FUTURE ACTIONS RELATED TO ECONOMIC DEVELOPMENT

LEGISLATION

REMAINING ITEMS

IMPLEMENTATION

NEW IDEAS

COMMITTEE ACTIONS

PROPOSED LEGISLATION FROM THE
LEGISLATIVE COMMISSION ON KANSAS ECONOMIC DEVELOPMENT

- *1. (Agriculture Task Force). Legislation to exempt corporately-owned swine confinement and poultry facilities from the prohibition of owning or leasing agricultural land. (p. 21).
2. (Business Training). (a) Legislation to establish a customized training program; and (b) Legislation that could provide funding for a portion of that program. (p. 42).
3. (Business Training). Legislation to establish a program to provide financial awards to public educational institutions that offer vocational and technical training for exemplary performance in training and placing handicapped or disadvantaged persons in employment. (p. 43).
4. (Business Training). Legislation to establish a program to provide financial awards to public educational institutions that provide vocational and technical training for exemplary performance in job creation, entrepreneurship, and job upgrading in rural areas of Kansas. (p. 44).
- *5. (Business Training). Legislation to specify a revised multiple for funding community college vocational programs. (p. 45).
- *6. (Business Training). Legislation to expand the vocational school capital outlay aid program to include community colleges. This program would be administered by the Kansas Technology Enterprise Corporation (KTEC). (p. 46).
- *7. (Business Training). Legislation to establish the Kansas Training Information Program which would provide to consumers information on the placement and earnings rates of each job training program. (pp. 46-47).
8. (Business Training). Recommendation for legislation to increase the accountability to the Legislature of the state policymaking board for community colleges and vocational schools for job training programs under its jurisdiction. (pp. 47-48).
9. (Business Training). Legislation to add to the responsibilities of the Department of Commerce the provision of information on job training programs. (p. 49).
- *10. (Capital Markets). Legislation to enable a taxpayer who invests in a research and development partnership that does not expend all funds in the year of investment to be eligible for a prorated tax credit.

* Bills done for January 14, 1987 meeting.

- *11. (Capital Markets). Legislation to address the following, related to venture capital: (a) that 100 percent of Kansas Venture Capital, Inc. (KVCII) investments be restricted to Kansas, but that the 60-40 provision for private Kansas venture capital companies be retained; (b) that the venture capital tax credit be truly universal, available to every for-profit, nonprofit, public, private, in-state, out-of-state, incorporated, or unincorporated entity investing in KVCII company stock; (c) that the \$1.5 million already invested in KVCII be reinvested, and be credited toward the \$10 million requirement; and (d) that the Secretary of Commerce be allowed to interpret KVCII's statute in ways which would not jeopardize the SBIC license, while still preserving the legislative intent. (pp. 54-56).
- *12. (Capital Markets). Legislation to make private investments in local seed capital pools eligible for a 25 percent tax credit, if such pools meet certain criteria. (p. 57).
- *13. (Capital Markets). Legislation to establish a multipurpose statewide bond issuing authority to meet long-term debt needs in the state. This authority would not issue General Obligation Bonds. (p. 60).
- *14. (Capital Markets). Legislation to allow intrastate branch banking by acquisition only. (pp. 61-62).
- *15. (Capital Markets). Legislation to: (a) amend the statute requiring shares to be held in escrow until the potential exists to pay a 6 percent dividend after one year or a 10 percent dividend after two; and (b) amend the statute placing a 15 percent commissions-and-expense ceiling on all issues with a statute allowing the Securities Commissioner discretion to waive the ceiling for small issues. (p. 63).
- *16. (Taxation). Legislation to phase in over a four-year period the sales and use tax exemption for manufacturing machinery and equipment. (p. 68).
- *17. (Taxation). Legislation to repeal statutory language concerning the enterprise zones' enhancement of job expansion and investment credits. (p. 68).
- *18. (Higher Education). Legislation to redefine the statutory mission and tasks of the Kansas Board of Regents to include the coordination of postsecondary education and vocational education within the state; to create a State Board of Community Colleges and Vocational Education and a State Board of Governors of State Educational Institutions and Municipal Universities; and to create a Commissioner of Higher Education, to serve at the pleasure of the Board of Regents. (pp. 77-79).
- *19. (Higher Education). Legislation (clean-up) to amend statutory language concerning the Centers of Excellence. Such legislation would recognize the overlap of basic research, applied research, and technology transfer. (p. 88).

* Bills done for January 14, 1987 meeting.

*20. (Higher Education). Legislation to exempt from state purchasing procedures or state laws and regulations pertaining to travel, KTEC, entities, and activities funded by KTEC, and sponsored research funding from any source. (pp. 88-89).

* Bills done for January 14, 1987 meeting.

ProLeg.LH/jsf

January 9, 1987

TO: Economic Development Commission

FROM: Anthony Redwood
Charles Krider

RE: Status Report on Economic Development Recommendations

The following recommendations are not being considered by any task force or the legislature:

2. Expand TORP.
14. Commitment to public education in general and higher education in particular.
34. Loans to incubators.
35. Loan pool for infrastructure development.
39. State community development block grant program.
42. Encourage the arts. Funding increased to mean per capita level of the fifty states.
47. Review the state's capital budgeting.
50. Impact of regulations on economic development should be added to criteria that regulatory bodies must use.

The following recommendations are departmental actions in progress.

19. Financial symposia on capital formation. (Kansas Technology Enterprise Corporation)
29. Marketing program for targeted industries. (Department of Commerce)
30. National promotion campaign. (Department of Commerce)
32. Overall travel and tourism strategy. (Department of Commerce)
33. Upgrade KDED information systems. (Department of Commerce)
38. CDBG's for economic development. (Department of Commerce)
40. Expand "Certified Cities." (Department of Commerce)
44. Goal of JTPA should be to promote economic development. (Department of Human Resources)
48. Allocation of highway funds linked to economic development. (Department of Transportation)
49. Feasibility studies for highways in southeast and southwest Kansas. (Department of Transportation and Turnpike Authority)

Recommendations	Action Taken	Status
Traditional Industries		
1. Task Force on Agriculture	Task Force appointed	Report of Task Force Completed 12-2-86
2. Expand TORP		No action taken
Taxation		
3. Sales/use Tax exemption	House #3123-enterprise zones only; prop to task force to remove limitation	Recommended by Legislative Commission on Economic Development
4. Tax Credit-R & D	Subs. Senate #758	
5. Tax Credit-Venture Capital Funds	Subs. Senate #756 & 757	
6. Property Tax Abatements detached from IRB's	House CR #5047 Constitutional amendment	Passed August 1986
7. Constitutional Amendment-eliminate the property tax inventories.	Constitutional amendment	Passed November 1986
Education, Research, and Technology Transfer		
8. Expand funding for Centers of Excellence	Subs. Senate #755-established various research funds	Recommended by Legislative Commission on Economic Development
9. Expand funding for the Research Matching Grant	Subs. Senate #755	Recommended by Legislative Commission on Economic Development
10. Institutes for Applied Science and Technology at the major research universities and center for technology transfer at educational institutions	Subs. Senate #755-established K-TEC; no institutes identified	Recommended by Legislative Commission on Economic Development
11. Increase applied social and economic research	Subs. Senate #755-tech. info data bases; House #2960-econometric modeling	Recommended by Legislative Commission on Economic Development
12. Industry Liaison at Universities	Subs. Senate #755	Recommended by Legislative Commission on Economic Development

Recommendations	Action Taken	Status
13. University programs in management		Recommended by Legislative Commission on Economic Development
14. Commitment to public education in general and higher education in particular		
Finance, Capital Formation and Innovation		
15. Financing for Innovative Products	Subs. for Senate #756-KS Venture Capital, Inc.; SBIR \$ CDC \$; K-TEC seed capital	Banker's Venture Capital expected to be operational early 1987
16. Product Development Program	Subs. Senate #755-seed capital fund - K-TEC	Recommended by Legislative Commission on Economic Development
17. Match Small Business Innovation Research	Subs. Senate #755 - K-TEC directed to develop	
18. Kansas Science and Technology Authority	Subs. Senate #755-established K-TEC	
19. Financial Symposia on Capital Formation Grants		In K-TEC's normal budget
20. State Funding for CDC's	House #2951-performance grants; DoC, Exis Indus Dev	
21. Secondary market for the SBA guaranteed loans	none required	Private markets are fulfilling this need
22. Export Assistance Program	House #2951 - DoC, Div of Trade Development; consultant report by end of year hired by KDED for finance authority	Bid-bond guarantee program recommended by Legislative Commission on Economic Development
23. Loan Guarantee Program to facilitate financing	Paper prepared by KDED for Capital Markets Task Force	Recommended by Legislative Commission on Economic Development

Recommendations	Action Taken	Status
State Organization for Economic Development		
24. Permanent Joint House-Senate Commission on Economic Development	House #3122	
25. Expand the Small Business Division of KDED	House #2951-additional field offices; DoC, Exis Indus Dev	
26. Existing Industry Program at KDED	House #2951-DoC, Division of Existing Industry Dev	
27. International Trade Division at KDED	House #2951-DoC, Division of Trade Development	
28. Attract Foreign Firms	House #2951-DoC office in Europe & Japan	
29. Marketing Program for Targeted Industries	Subs. Senate #759	Being implemented by Department of Commerce
30. National Promotion Campaign		Being implemented by Department of Commerce
31. Internal Improvements	House CR #1635 consitutional amendment	Passed August 1986
32. Overall Travel and Tourism Strategy		General plan being developed by Department of Commerce
33. Upgrade KDED Information Systems	some improvement; has requested information about system at KU	
Community Development and Small Business		
34. Loans to Incubators		Need to modify statute-no funding
35. Loan Pool for Infrastructure Development		Need to modify statute-no funding
36. Technical Assistance to Local Communities	House #2951-DoC Division of Community Development, additional field offices	On-going
37. Incentives for Regional Coordination	none	

Recommendations	Action Taken	Status
38. CDBG's for Economic Development		Amount has not changed 30-40%
39. State Community Development Block Grant Program		Requires statute and funding
40. Expand "Certified Cities"		Implementation contingent on approval of additional administrative position in KDED
41. State Funding for SBDC	House #2951-DoC extends performance grants to SBDC's \$250,000	Funding increases recommended Legislative Commission on Economic Development
42. Encourage the Arts. Funding increased to mean per capita level of the fifty states.	none	
Economic Development Strategy in State Policy Making: Human Resources, Infrastructure and Regulation		
43. Coordinated Human Resources Strategy		Recommended by Legislative Commission on Economic Development
44. Goal of JTPA should be to Promote Economic Development		To be addressed by the Department of Human Resources
45. Task Force to Review the Vocational Education System		Recommended by Legislative Commission on Economic Development
46. Expand KIT and Improve Coordination		Recommended by Legislative Commission on Economic Development
47. Review the State's Capital Budgeting	none	
48. Allocation of Highway Funds Linked to Economic Development	DOT-classification plan in progress	Will present to legislature in January

Recommendations	Action Taken	Status
49. Feasibility Studies for Highways in Southeast & Southwest Kansas	funded and completed	Not yet resolved Turnpike Authority will finish report and present to legislature in January
50. Impact of Regulations on Economic Development Should be Added to Criteria that Regulatory Bodies must use		

IMPLEMENTATION

COORDINATION

COMMUNICATION

EVALUATION

NEW IDEAS

KANSAS COMMON MARKET

KANSANS BUY FROM KANSANS

SUGGESTED COMMITTEE ACTIONS

ADDRESS LEGISLATION

RECEIVE PRESENTATIONS FROM AGENCIES AFFECTING
ECONOMIC DEVELOPMENT

KANSAS VENTURE CAPITAL CORP

KANSAS INC

KTEC

TRANSPORTATION

HUMAN RESOURCES

REVENUE

UNIVERSITIES

ANALYZE THE RECOMMENDATIONS WHICH HAVE NOT BEEN ADDRESSED

RECEIVE PRESENTATION FROM DEPARTMENT OF COMMERCE ON STRATEGY PLAN

SUMMARY

SUMMARY

REVIEW OF INITIATIVE

STATUS

IDEAS FOR THE FUTURE