

Approved

March 1, 1988  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Phil Kline at  
Chairperson

3:38 ~~am~~/p.m. on Wednesday, February 24, 1988 in room 313-S of the Capitol.

All members were present except: Representatives Love, Mead and Weimer. - Excused

Committee staff present:

Jim Wilson, Revisor  
Lynn Holt, Research  
Elaine Johnson, Secretary

Conferees appearing before the committee:

Michael O'Keefe, Budget Director  
Stanley Grant, Secretary, Department of Health and Environment  
Harland Priddle, Secretary, Department of Commerce  
Roger Endell, Secretary of Corrections  
Joe Harkins, Director of Kansas Water Office  
Dr. Gerald Tomanek, Chairman, Kansas Dept. of Wildlife and Parks  
Paul E. Fleener, Director, Public Affairs Division, Kansas Farm Bureau  
Margaret Ahrens, Lobbyist for Kansas Chapter of Sierra Club  
Jim Bennett, Kansas Chapter of Wildlife Society  
Mary Ann Bradford, Natural Resources Coordinator, League of Women Voters  
Jan Garton, as individual  
Charlene Stinard, Program Director, Kansas Natural Resource Council  
Richard Jones, Executive Director, Kansas Association of Conservation Districts  
Lola Warner, Program Administrator, Kansas State Conservation Dept.  
Eulalia Lewis, Board Member of Audubon Society  
Vic Studer, Kansas Rural Center at Whiting  
Beverly Bradley, Legislative Coordinator, Kansas Association of Counties  
Dr. Anthony Redwood, Executive Director, Public Policy and Research, University of Kansas  
Leroy Lyon, Economic Development Director, Great Bend  
Roger Kroh, Economic Development Director for Lenexa  
Larry Danielson, President, Kansas Industrial Developers Association  
Mary Birch, Executive Vice President, Overland Park Chamber of Commerce  
Jim Edwards, Director, Chamber and Association Relations, Kansas Chamber of Commerce and Industry  
Gary Toebben, Executive Vice President, Lawrence Chamber of Commerce  
Christy Young, Vice President of Government Affairs, Topeka Chamber of Commerce  
Bernie Koch, Wichita Chamber of Commerce  
Judith Wainscott, Public Affairs Director, Manhattan Chamber of Commerce

The first conferee to appear in support of H.B. 2908 was Michael O'Keefe, Director of the Budget. He stated that this bill is one part of the Governor's overall recommendations for economic development for Kansas. (Attachment 1). The Governor's commitment to the development of Kansas' natural resources as a vital component for economic development is the basis for his recommendation that, beginning in FY 1991, 20 percent of gaming revenues be dedicated to continue the preservation of our natural resources. H.B. 2908 will also dedicate 20 percent of gaming revenues to the Correctional Institutions Building Fund. Currently, 10 percent is so dedicated. The 20 percent is necessary in order to relieve pressures on the State Institutions Building Fund and the Correctional Institutions Building Fund, and to provide necessary repairs and maintenance for the state institutions and capacity increases for correctional institutions.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

room 313-S, Statehouse, at 3:38 ~~xx~~ p.m. on Wednesday, February 24, 1988

Secretary Stanley Grant urged support of H.B. 2908 because he feels there is absolutely no doubt of the value of a special set-aside fund to assure long-term natural resources, maintenance and development. He feels there is no question that the management of natural resources is essential to economic development; and that a special allocation from The Economic Development Initiative Funds should be maintained for specific works that will have a favorable cost/benefit impact and that will serve a broad spectrum of Kansas. (Attachment 2).

Secretary Harland Priddle testified in support of H.B. 2908. He stated that the Governor, as Chief Executive Officer of the state, must develop programs and establish priorities which utilize state resources to give the most benefit to the entire state and that his allocation of funds for natural resources indicates not only respect for the generations to follow, but, also, keeps within the guidelines of establishing fiscal integrity for both the short and long term interests of Kansas. (Attachment 3).

Secretary Roger Endell supports H.B. 2908 because he feels health and safety are the Governor's obligations. This bill will assist the state in meeting its statutory obligations.

Joe Harkins spoke in favor of H.B. 2908. He feels that the quantity and quality of water are economic development and that the issue at hand is not the commitment made by the legislature to spend the money on a 90/10 basis but that the real issue is, failure to formally commit to the objective of enhancing our water resources and this will cause this debate to continue year-after-year. He feels the purpose is to assure the social, political, economic, cultural and natural components of our environment will be adequate to encourage economic development in the state. (Attachment 4).

Dr. Gerald Tomanek appeared in support of H.B. 2908. The Department of Wildlife and Parks Commission at its February 18, 1988 meeting unanimously endorsed H.B. 2908. Copy of resolution part of (Attachment 5). Dr. Tomanek feels it is crucial that we develop long-term sources dedicated to natural resources. The infrastructure of our natural resources requires a continuing investment if it is to pay dividends. A dedicated fund such as the one this bill would provide will allow us to capitalize on large, federal investments and enhance the payback to our citizens.

Paul Fleener stated that the Kansas Farm Bureau gives qualified support to H.B. 2908. The Farm Bureau proposes a suggested amendment to Section 4 in H.B. 2908. (See Attachment 6). They urge that there be no dilution of the very modest funds that could be used to implement the state water plan by throwing wide the door and suggesting use of those funds for facilities in connection with parks and peripheral programs. Request was made to adopt the amended language so that the state water plan implementation would have some reasonable prospect of taking place.

Margaret Ahrens, representing the 2000 members of the Kansas Chapter of the Sierra Club gave support to H.B. 2908. They feel the bill reflects leadership with a point of view that unites the state's natural heritage, the basis of her economic development, with current attempts to support and create more economic development in the state. (Attachment 7).

Jim Bennett testified on behalf of The Wildlife Society. They believe that the continued economic growth in Kansas will depend on the wise use and development of our natural resources and urge favorable passage of H.B. 2908. (Attachment 8).

Mary Ann Bradford on behalf of the League of Women Voters testified that the League sees, as the legislature does, the need to spread limited dollars among worthy programs to benefit the greatest number of Kansans and recognize the necessity for thrust to enhance and increase economic activities with

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MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,  
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the state to provide employment and services that meet basic human needs and raise the standards of living. But they also recognize the necessity for a firm commitment and a consistent dedication of funds for natural resources projects. (Attachment 9).

Jan Garton, as an interested citizen, testified next. She supports the passage of H.B. 2908 that water and wildlife are important to the economic development of the state and feels that there are jobs created by an investment in natural resources if we use creativity and vision to explore the opportunities. (Attachment 10).

Charlene Stinard representing the Kansas Natural Resource Council testified on behalf of H.B. 2908 and urged legislative support of this bill that would reformulate the state gaming fund to include a natural resources development fund. (Attachment 11).

Richard Jones testified that the Kansas Association of Conservation Districts supports the use of gaming revenues for the economic development of the state's natural resources. They believe that the protection and preservation of these resources is vital to the state's economic development and urge passage of H.B. 2908. (Attachment 12).

Lola Warner testified on behalf of the State Conservation Commission. They support H.B. 2908 as one source of designated funding for natural resources; however, it should not be the only source of funding considered. (Attachment 13).

On behalf of the National Audubon Society, Eulalia Lewis testified that those who watch wildlife are more numerous than the consumer and urges passage of the bill so the wildlife and people may live. Ms. Lewis also distributed testimony prepared by Dean Wilson representing the Kansas Canoe Association. (Attachment 14).

Vic Studer of the Kansas Rural Center requested support for H.B. 2908. She stated that throughout history the availability of water has determined the success or failure of many communities, and asks that the long and short term impact on our natural resources and basic immediate concerns of our water needs be examined carefully. (Attachment 15).

Bev Bradley for the Kansas Association of Counties expressed support for the continued state reimbursement to counties for at least 50 percent of the cost of maintenance of reappraised values. They support the continuation as outlined, but would ask that since the annual up dating is ongoing the funding continue indefinitely. (Attachment 16).

Dr. Tony Redwood expressed strong opposition to H.B. 2908. He stated that the state is struggling relative to most of the rest of the U.S. Employment growth has been half that of the U.S. this decade, and there is every indication that the state will continue to under-perform in the next decade. We have waited patiently since 1986 for the day when gaming revenue funds would be available in some magnitude. The amount available for FY 89 is estimated to be \$15 million. In reality it will be much less, because of "dipping" into the fund for lower priority purposes from an economic development perspective. Obviously water and corrections facilities are important. Why haven't they been funded up to now? One can only assume that they were not perceived by the legislature as being sufficiently important to warrant it relative to other needs. He stated that to give economic development our best shot demands that we stick with the broad game plan and retain the 90 percent allocation of gaming revenue funds for the Economic Development Initiatives Fund and urges rejection of this bill. (Attachment 17).

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MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

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Leroy Lyon of the Mid-Kansas Economic Development Commission testified in opposition of H.B. 2908. He states that Kansas is having an economic crisis. The people of this state sent us a clear message that said "We want new economic development programs which will create and retain jobs. We want some new programs and we're willing to pay for them through a state lottery and pari-mutuel racing." Jobs are the top priority. Kansas Inc., in examining other states, found that shrewd investments are those which provide lasting benefits, rather than giveaways to obtain temporary successes. Two of the most lasting benefits were found to be derived from investment in infrastructure and employee training. (Attachment 18).

Roger Kroh, Lenexa Economic Development Council testified that when the lottery was voted upon it was held out to the voters that the funds would be used after 1988 for prisons and primarily for economic development. Earmarking 20 percent of gaming revenues for natural resources is not what the voters were told. If this proposal were to be approved it would send a signal to other interests with some very soft and questionable linkages to economic development that lottery is a good new source of revenues. Each time a deviation from our economic development program is approved we water down its positive impacts. We need to hold firmly to our economic development plan if we are to maximize our efforts to develop a strong economy in Kansas. Mr. Kroh urges that this bill be voted against. (Attachment 19).

Larry Danielson, on behalf of the Kansas Industrial Developers Association, urged rejection of H.B. 2908. He states keep it pure at 90 - 10. The future of economic development in Kansas depends on it. (Attachment 20).

Mary Birch on behalf of the Overland Park Chamber of Commerce and as a Board member of the Kansas Industrial Developers Association and the Kansas Chamber and Industry expressed adamant opposition to H.B. 2908 and urged concurrence. She stated that two years ago the economic development committee was established and the economic development initiatives flew through the process on a tide of "pro growth change your own destiny" spirit. We have yet to apply these programs. Economic development takes commitment and time, please give the system a chance to work. (Attachment 21).

Jim Edwards testified on behalf of the Kansas Chamber of Commerce and Industry. Job creation was the focal point of the 1986 Kansas Legislature. Likewise, job creation should be the focal point when deciding the issue of H.B. 2908. We oppose the bill because we seriously question the effect it would have on state and local economic development efforts. We believe the existing formula allows for natural resource projects that can be directly related to job creation in Kansas and that they should be reviewed as all other infrastructure improvements. (Attachment 22).

Gary Toebben of the Lawrence Chamber of Commerce opposes H.B. 2908. Opposition is not based on a lack of support for the state water plan nor an insensitivity to the growing need for prison facilities. Opposition is based on the overriding of the commitment to funding the economic development initiatives adopted by the legislature two years ago. He feels the state budget balance may look better today than it did two years ago, but the economy of the State of Kansas is still hurting. New jobs are needed to overt moves out of state. Now that the program is about to start, there is a move to change direction and give other programs a higher priority than economic development. It appears that the lottery and paramutuel wagering could become just another way to balance the state budget. (Attachment 23).

Christy Young on behalf of the Topeka Chamber of Commerce testified in opposition to H.B. 2908. She testified that in 1986 revenues from the gaming funds for economic development, correctional institutions and temporarily, for the cost of reappraisal were set aside by the legislature. What we oppose is the efforts to splinter new economic development funding into slivers. (Attachment 24).

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Opposition also came from Bernie Koch of the Wichita Area Chamber of Commerce. They do not oppose water and other natural resource projects, nor spending on corrections. They do believe the first priority when considering uses for state gaming revenues should be economic development. The other projects should compete for economic development funds side by side with other proposals. There are people out there who want and need jobs, some of them need training. These people should be our first priority. We can treat the symptoms of unemployment and homelessness, but we won't begin to attack the root cause until we attack our economic problems. Mr. Koch urges a full commitment to job creation in Kansas by holding out for more resources for our economic development efforts. (Attachment 25).

Judith Wainscott of the Manhattan Chamber of Commerce spoke briefly in full support of the Kansas Chamber of Commerces opposition to this bill.

Meeting adjourned at 5:35 p.m.



Date: \_\_\_\_\_

GUEST REGISTER

H O U S E

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Leroy E. Lynn Mid-Ks. Econ. Dev. Comm 2015 Latin, Great Bend

Judith Wanzel Manhattan Chamber of Commerce Manhattan, Ks.

Jim Edwards KCCI Topeka

Margaret Letthorst Holton Chamber Holton

Christy Grum Topeka Chamber of Comm. Topeka

Gary K. Hulett KDHE Topeka

Mary Ann Bradford League of Women Voters Topeka

JAN GARTON PERSONAL MANHATTAN

Vic Studer KS Rural Center Box 133 Whitening

Eulalia M Lewis Topeka Audubon Society Topeka

Marques Port-Chens Ks Chap of Sierra Club Topeka

BOB BRADLEY KS Association of Counties Topeka

Kathy Brown Seigel Ks. Dept. of Wildlife + Parks Junction City

STATE OF KANSAS  
DEPARTMENT OF ADMINISTRATION  
MIKE HAYDEN, Governor  
MICHAEL F. O'KEEFE, Director of the Budget  
Room 152-E, Capitol Building  
(913) 296-2436

MEMORANDUM

TO: House Committee on Economic Development  
FROM: Michael F. *MOK* O'Keefe, Director of the Budget  
DATE: February 24, 1988  
SUBJECT: Testimony on House Bill No. 2908

I appear before you today in support of House Bill No. 2908. This bill is one part of the Governor's overall recommendations for economic development for Kansas.

1. The Governor recommends change to the sales tax law to exempt the purchase of new manufacturing equipment and machinery with an annualized impact of \$16 million per year. This exemption is estimated to directly reduce the cost of capital investment in productive assets in Kansas to improve our competitive posture with other states, most of which already provide such an exemption. The primary benefits of this exemption will flow to existing firms and to businesses engaged in normal replacement investment for expansion of productive capacity.
2. The Governor recommends a State General Fund ending balance that sends a clear message to companies seeking to invest in Kansas that we are on a path to restoring adequate balances to the State General Fund so that we can guard against both the

*House Eco Devo  
Attachment 1  
2/24/88*

necessity of tax increases and interruption or cutback in government services resulting from economic downturn.

3. The Governor recommended to the Director of the Lottery that he transfer \$8.5 million in FY 1988 from the Lottery Operating Fund to the Gaming Revenues Fund and that the transfers be made in such a sequence to allow K-TEC and the Department of Commerce to begin operations as rapidly as possible. The Governor recommends specific expenditure of \$13.9 million from the Economic Development Initiatives Fund in FY 1989 and leaves an unallocated reserve of \$2.8 million for the same year. The Governor's recommendations for these expenditures are based upon the recommendations of Kansas, Inc. and his own assessment of Kansas needs compared with fiscal possibilities.

The Governor's recommendations include \$4.0 million for natural resources investments, reflecting the view that the provision of adequate supplies of water, flood control, uncontaminated water supplies and regional recreation opportunities are essential for economic success for Kansas. That recommendation is in addition to expenditures of \$770,000 from the State General Fund for watershed dam construction, \$2,130,000 from the State General Fund for water resources cost share programs, \$300,000 from the State General Fund to the Department of Health and Environment to continue clean-up of contaminated sites, and \$170,000 for FY 1989 for the first year of a \$570,000 study financed from oil overcharge funds for the Dakota Aquifer Study.



The Governor's commitment to the development of Kansas' natural resources as a vital component for economic development is the basis for his recommendation that, beginning in FY 1991, 20 percent of gaming revenues be dedicated to continue the preservation of our natural resources so that economic progress would not be stifled by the lack of adequate and clean water and the lack of outdoor recreational facilities. House Bill No. 2908 provides for that funding.

I have attached a table which shows the dramatic increased commitment in economic development that has occurred since FY 1985 as contained in the Governor's recommendations.

House Bill No. 2908 would dedicate 20 percent of gaming revenues to the Correctional Institutions Building Fund. Currently, 10 percent is so dedicated. The Governor's recommended capital improvements for FY 1989 from the Correctional Institutions Building Fund incorporate \$2,520,000 transferred from the Gaming Revenues Fund to the Correctional Institutions Building Fund. Even with the influx of receipts from the Gaming Revenue Fund to the Correctional Institutions Building Fund and the estimated impact of reappraisal, the Governor felt that he still had to recommend the use of one-half of the State Institutions Building Fund mill levy for capital improvements at correctional institutions. In order to relieve pressures on the State Institutions Building Fund and the Correctional Institutions Building Fund, and to provide necessary repairs and maintenance for the state institutions and capacity increases for correctional institutions, the Governor proposed that

the Gaming Revenue Fund transfer to the Correctional Institutions Building Fund be increased from 10 percent to 20 percent in FY 1991.

House Bill No. 2908 retains 60 percent of gaming revenue funds for economic development initiatives currently provided for in FY 1989. It addresses the need for natural resource funding as part of economic development by permanently allocating 20 percent of the gaming revenue funds. Pressures on the need for capital projects and maintenance projects at state institutions and correctional facilities are alleviated by the dedication of 20 percent to the Correctional Institutions Building Fund.

House Bill No. 2908 would also provide that the funding distribution of gaming revenues remain the same in FY 1990. This allows 30 percent to continue to the Reappraisal Fund to reimburse State General Fund costs for FY 1989. Approximately \$70.0 million in state general funds will be needed to supplement gaming revenues in FY 1989 to reimburse the counties for their costs. Even under House Bill No. 2908, the State General Fund expenditures for reappraisal will be approximately \$15.0 million.

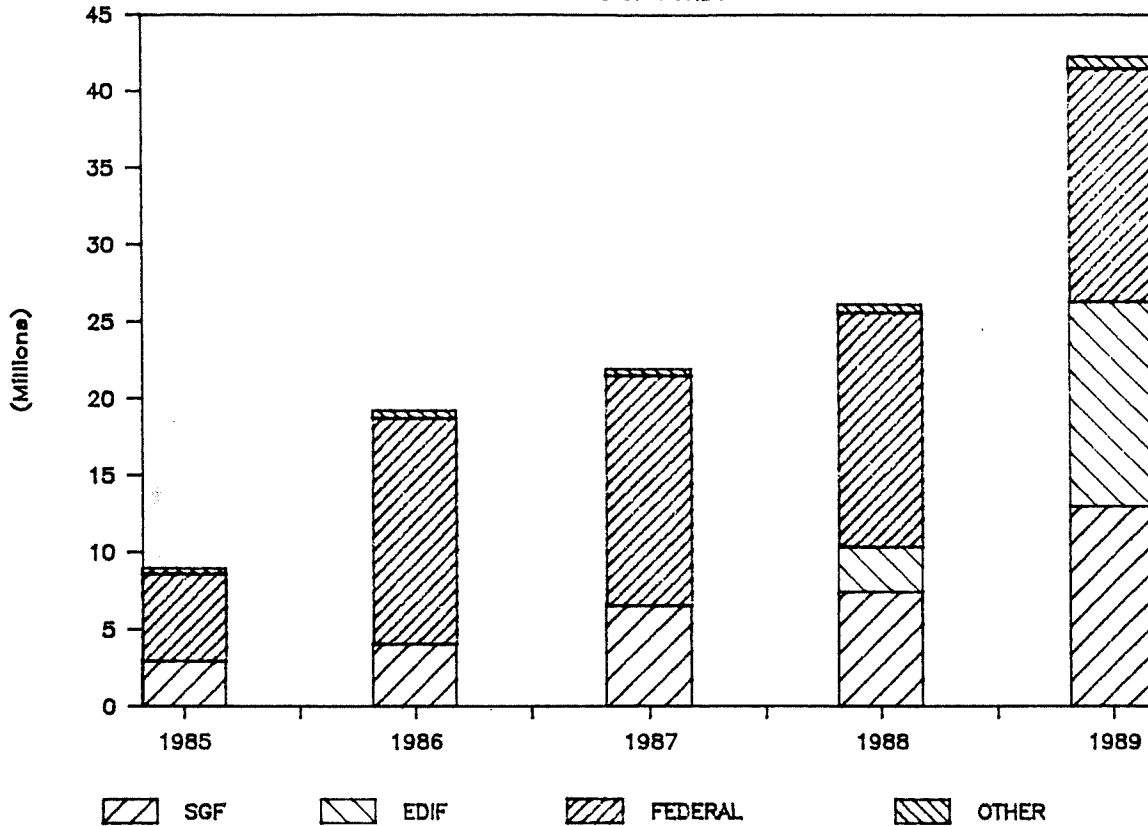
I would answer any questions.

Attachment

2435

# ECONOMIC DEVELOPMENT EXPENDITURES

BY SOURCE OF FUNDS



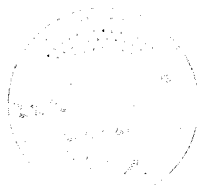
## ECONOMIC DEVELOPMENT FUNDING

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989
State General Funds	\$2,918,302	\$4,029,737	\$6,502,542	\$7,402,132	\$12,950,546
Gaming Revenue Funds	0	0	0	2,914,700	13,292,698
Federal Funds	5,674,381	14,681,523	14,948,213	15,218,616	15,192,888
Other Funds	384,472	505,207	431,846	548,848	774,164
<b>Fiscal Year Totals</b>	<b>\$8,977,155</b>	<b>\$19,216,467</b>	<b>\$21,882,601</b>	<b>\$26,084,296</b>	<b>\$42,210,296</b>

ECONOMIC DEVELOPMENT FUNDING

	FY 1985	FY 1986	FY 1987	FY 1988	FY 1989
	ALL	ALL	ALL	ALL	ALL
	FUNDS	FUNDS	FUNDS	FUNDS	FUNDS
	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
TECHNOLOGY ENTERPRISE CORPORATION					
Research Matching Grants	\$100,428	\$456,165	\$619,045	\$1,605,401 *	\$610,000
Small Business Innovative Grants	0	0	0	229,612	150,000
Research Equipment Grants	0	0	0	295,000	295,000
Operations	157,404	199,424	311,442	216,333	204,119
Research and Development	0	0	0		
Centers of Excellence	0	0	0	600,000	600,000
Seed Capital Investment Fund	0	0	0	500,000	500,000
Incubators	0	0	0	125,000	125,000
Special Projects	0	0	0	125,000	-
Subtotal KTEC	\$257,832	\$655,589	\$930,487	\$3,696,346 *	\$2,484,119
* Includes carry-forward amount of \$795,401.					
DEPARTMENT OF COMMERCE					
Small Business Development Centers	0	80,000	245,568	\$250,000	250,000
Certified Development Companies	0	0	346,318	388,000	400,000
Kansas Industrial Training	209,581	237,547	816,000	725,000	500,000
Infrastructure Improvements	3,997,611	12,779,763	14,576,959	14,000,000	19,500,000
Tourism	897,877	1,195,150	951,765	1,263,038	1,392,609
All Other Commerce Activities	3,614,254	4,268,418	4,015,504	5,696,512	6,009,872
Subtotal Commerce	\$8,719,323	\$18,560,878 *	\$20,952,114	\$22,322,550	\$28,052,481
* In FY's 1985 and 1986, KTEC was a part of Commerce (Advanced Technology Commission).					
NATURAL RESOURCES	0	0	0	0	\$4,170,000
AGRICULTURE	0	0	0	\$65,400	\$203,696
BUSINESS TAX REFORM - SALES TAX	0	0	0	0	\$7,300,000
TOTAL ECONOMIC DEVELOPMENT EXPENDITURES	\$8,977,155	\$19,216,467	\$21,882,601	\$26,084,296	\$42,210,296

STATE OF KANSAS



DEPARTMENT OF HEALTH AND ENVIRONMENT  
*Forbes Field*

*Topeka, Kansas 66620-0001*

*Phone (913) 296-1500*

Mike Hayden, *Governor*

Stanley C. Grant, Ph.D., *Secretary*

Gary K. Hulett, Ph.D., *Under Secretary*

Testimony Presented to

House Economic Development Committee

by

Stanley C. Grant, Secretary

Kansas Department of Health and Environment

H.B. 2908

Mr. Chairman, Members of the Committee:

Kansas stands on the threshold of some of the most beneficial and far-reaching legislation in many years. Nothing - not one thing - is more vital to the economic growth and development of Kansas than the managed development of our natural resources - as the essential ingredient of life itself, and as the foundation for the quality of life for our citizens, our businesses, and our industries.

Kansas is an essential part of the "bread basket of the world". Kansas agriculture feeds more people than many nations do. We provide protein and other life supporting nutrients for millions of people. That takes four elements - all essential: an adequate supply of water, a fertile soil, a moderate climate, and a hard working, dedicated population.

Kansas has all four of these elements, but three are in dwindling supply. We have been polluting and misusing our water - we are yet to hold our own in preventing excessive soil erosion - and long periods of economic stress are reducing our agricultural base and workforce. These losses are reducing our quality of life.

Business and industry look for areas that can provide a good supply of appropriate labor, a good distribution system, and the natural resources that will serve not only the industrial process, but will provide a diverse and healthy life opportunity. Waters that serve as flood control and water supply; that may serve as wildlife habitats, and may provide public parks and recreational areas are great assets for any state that seeks to improve its economic base and the quality of life for its citizens and visitors.

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There is absolutely no doubt of the value of a special set-aside fund to assure long-term natural resources, maintenance and development. There is no question that the management of natural resources is essential to economic development; and that a special allocation from Economic Development Initiative Funds should be maintained for specific works that will have a favorable cost/benefit impact and that will serve a broad spectrum of Kansans.

Ah Kansas - what a beautiful land! But within that beauty lies creeping pollution, environmental degradation and loss of economic vitality, which unless checked will reduce our ability to maintain a strong economy, and high quality of life for our citizens.

We at KDHE urge your support of H.B. 2908.

Thank you.

February 25, 1988

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2/24/88

TESTIMONY

to

HOUSE ECONOMIC DEVELOPMENT COMMITTEE

on

HOUSE BILL 2908

by

Harland E. Priddle  
Secretary of Commerce

February 24, 1988

*House Eco Devo  
Attachment 3  
2/24/88*

Mr. Chairman and Members of the Committee, I am appearing before you today in support of House Bill 2908 as it relates to use of economic development initiatives funds for economic development purposes and other uses.

To begin our conversation, I would like to establish a very major and basic point relative to natural resources and human capital, or people, within our state. Without natural resources and people, we have no wealth. Kansas has displayed a great propensity in the last 30 years of using natural resources to a great advantage in promoting economic activity in areas of the state previously considered to be arid production areas. Of course, I am referring to the southwest portion of our state, which ranks number 1 in beef cattle feedlot operation as well as value-added processing in the meat industry. As a result of adequate natural resources, Kansas has attained the ranking of number 1 in beef slaughter in the entire United States. It was through the use of adequate, proper natural resources and the application of technology in feedlot and meat processing that we are able to achieve unprecedented growth in income as well as population in an area previously considered to be on the downturn. The commitment to the development of Kansas' natural resources is a vital component for economic development and is the basis for the recommendation and the reformulation outlined in House Bill 2908. The dedication to an adequate natural resources base through funding will continue the preservation of our natural resources, so that economic progress will not be stifled by the lack of adequate and clean water and the lack of



outdoor recreational facilities.

As a matter of specifics, we are currently involved in the solicitation and the recruitment of a business into Kansas which we hope will invest over \$200 million in capital investment. Their need for water has been established at 3 million gallons per day.

As we look to the future, we need to take a quick glance at the past. In the 1930s, I remember the "dust Bowl" days, which resulted from lack of attention to our natural resource base. Decisions to dedicate funds to ensure we do not return to the arid conditions of those times in the future is absolutely necessary.

In summary, the Governor, as Chief Executive Officer of the state, must develop programs and establish priorities which utilize state resources to give the most benefit to the entire state. In this regard, his allocation of funds for natural resources indicates not only respect for the generations to follow, but, also, keeps within the guidelines of establishing fiscal integrity for both the short and long term interests of Kansas.

Testimony Before the  
House Committee on Economic Development

by  
Joseph F. Harkins, Director  
Kansas Water Office  
February 24, 1988

Re: H.B. 2908

I'm here today to speak in favor of H.B. 2908.

- The issue at hand is not whether projects related to quantity and quality of water are "economic development." That is a clear-cut, straight forward issue--of course they are.
- The issue at hand is not, in my opinion, a commitment made by the legislature when passing the lottery bill to spend the money on a 90/10 basis since water projects clearly fall within the original intent of the 90 percent portion.
- The fact is water projects can be justified if financed by 20 percent of the whole or 22.2 percent of the 90 percent portion.
- The issue is, failure to formally commit to the objective of enhancing our water resources will cause this debate to continue year-after-year.

The Governor's proposal represents a way to establish a minimum base upon which we can begin responding to a multitude of water-related issues. He has suggested a technique that will work.

House Eco Dev  
Attachment 4  
2/24/88

We are focusing so much on the technique--we are forgetting the purpose. Our purpose is to assure the social, political, economic, cultural and natural components of our environment are adequate to encourage economic development in Kansas. The Governor feels we need to pay attention to all factors associated with an attractive environment--rather than put all our eggs in one basket. His proposal gets us off dead center. It sets the wheels in motion for progress--not a perpetual, self-defeating debate.

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2/24/88

H.B. 2908

TESTIMONY PROVIDED TO HOUSE ECONOMIC DEVELOPMENT COMMITTEE ON  
February 24, 1988.

PROVIDED BY: DR. GERALD W. TOMANEK, CHAIRMAN  
KANSAS DEPT. OF WILDLIFE & PARKS

I appear before you today on behalf of the Kansas Department of Wildlife and Parks Commission to support House Bill No. 2908. On February 18, 1988, while meeting in Topeka, the Commission unanimously endorsed H.B. 2908 and the transfer of a portion of the funds from the State Gaming Revenue Fund to the Natural Resources Development Fund (copy of resolution attached).

Passage of H.B. 2908 would provide that on and after July 1, 1990, an amount equal to 20% of all moneys credited to the State Gaming Revenues Fund shall be transferred and credited to the Natural Resources Development Fund. These funds would be available for:

- 1) Development, conservation and protection of the state's surface water and groundwater resources;
- 2) Development, conservation and protection of the state's other natural resources including, but not limited to, soil, wildlife, forests, and prairie; and
- 3) recreational development of waters and parklands, improvements and facilities.

Some have stated that these purposes are not related to the original economic development purposes planned for the fund. Such statements are without foundation and they ignore

*House Eco Dev  
Attachment 5  
2/24/88*

the basic principle that all wealth is derived from our renewable and non-renewable natural resources.

Just as Kansas' agricultural and mineral wealth is based on the quality of our natural resources, so are the recreation and tourism industries. Recreation and tourism depend on the quality of our soils, water, forests, prairie, and wildlife. These commodities are not free for the taking. They require careful stewardship and planned development. When properly managed these natural resources return a wealth of income to our citizens. When neglected, whole segments of our economy suffer.

What is proposed in H.B. 2908 is not without precedent. At least two states have earmarked a portion of their state lottery revenues for outdoor recreation. Colorado sets aside over 17% of their 140 million dollars and North Dakota requires 60% of their gambling proceeds to be used for recreational projects.

In addition to the direct economic benefits, the quality of our natural resources directly affects the quality of life for all of our citizens. Quality of life is one of the considerations most industries make when deciding the location of business operations. In Kansas the quality of life may be the edge we have over other states when industry is evaluating different sites. However, we must recognize and protect that quality of life. It will deteriorate unless we do. I am not only interested in that portion of the bill that deals with natural resources important to economic development but also

in conserving them for the sake of our children, grandchildren and their children's children. Most of the poor countries around the world, whose starving children appear on TV, are poor because they neglected their natural resources.

The Governor has recommended in his FY 1989 budget expenditure of \$4 million from the Economic Development Initiatives Fund for 14 projects to enhance local water supply, provide for flood control, restore contaminated groundwater supplies, and develop regional recreational opportunities. From the \$4 million, the Governor has proposed \$1,192,518 be allocated to the Department of Wildlife and Parks to develop recreational facilities at Hillsdale reservoir, purchase water storage capacity in Cedar Bluff reservoir to maximize fish, wildlife and recreation activities, and to acquire wetlands near McPherson to enhance wildlife and protect water quality. These projects and the others planned for FY 1989 will enhance the economic development potential of our state. In a study in Utah they found that for every state dollar spent on recreation and natural resources they had a return of \$14.77.

It is crucial that we develop long-term sources dedicated to natural resources. The infrastructure of our natural resources requires a continuing investment if it is to pay dividends. A dedicated fund such as this one also will allow us to capitalize on large, federal investments and enhance the payback to our citizens.

I encourage you to vote favorably on H.B. 2908.

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2/24/88

KS. DEPT. OF WILDLIFE & PARKS COMMISSION

RESOLUTION NO. 1


WHEREAS, H.B. 2908 has been introduced by the House Committee on Appropriations.

WHEREAS, H.B. 2908 provides that on and after July 1, 1990, an amount equal to 20% of all moneys credited to the State Gaming Revenues Fund shall be transferred and credited to the Natural Resources Development Fund.

WHEREAS, the Ks. Department of Wildlife & Parks is responsible for the development and management of the State's wildlife, parks, and the recreational development of waters and parklands.

BE IT RESOLVED by the Ks. Dept. of Wildlife & Parks Commission that they unanimously endorse H.B. 2908 with respect to the money from the State Gaming Revenue Funds being transferred and credited to the Natural Resources Development Fund.

Dated this 18th day of February, 1988.



Dr. Gerald W. Tomanek, Chairman  
Ks. Dept. of Wildlife & Parks Commission



# PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

RE: H.B. 2908, Legislation Relating To Use of State  
Gaming Revenues

February 24, 1988  
Topeka, Kansas

Presented by:  
Paul E. Fleener, Director  
Public Affairs Division  
Kansas Farm Bureau

**Mr. Chairman and Members of the Committee:**

My name is Paul E. Fleener. I am Director of the Public Affairs for Kansas Farm Bureau. We come before you today to give our qualified support to H.B. 2908.

Mr. Chairman, the qualifications of our support are these: first, we have no particular resolution, and did not at the time of enactment of gaming activities have resolutions concerning those activities. But since the constitutional amendments permitting such activities were approved by the people of the State of Kansas, and since there is legislation which created the State Gaming Revenues Fund in the State Treasury, we would address some important areas of the utilization of those revenues.

When the Legislature approved legislation and the Governor signed into law the bill providing for a program of statewide reappraisal the determination was made that the state would bear approximately one-half the cost incurred by counties in the reappraisal program. That should not be forgotten by any of us. The amounts credited to the County Reappraisal Fund should carryout that commitment, and there should be no transfer of balances until it is assured that that commitment has been

*House Econ. Dev.  
Attachment 6  
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honored.

Mr. Chairman and Members of the Committee, the most important portion of this bill in the minds of many is new Section 4. We agree with the importance of the section and your consideration of our proposed amendments to new Section 4 to provide another of the qualifications to our support. Instead of trying to write a proposed amendment in the legalese you are use to and the form coming to you from your excellent revisors staff, let me show you in the following two paragraphs how we would propose to amemd and how we would suggest this Committee give approval to language for a new Section 4 in H.B. 2908. Our suggestion is as follows: **New Sec. 4. (a) On and after July 1, 1990, an amount equal to 20% of all moneys credited to the state gaming revenues fund shall be transfered and credited to the state water plan implementation fund, which is hereby created in the State Treasury.**

**(b) Subject to and in accordance with the provisions of appropriation acts, expenditures from the state water plan implementation fund shall be used for development, conservation and protection of the state's soil, surface water, and groundwater resources.**

We would further propose Mr. Chairman the deletion of all of lines 84 - 88.

The thrust of our amendment should be crystal clear. The state water plan is important to all Kansans. The protection of the state's soil, surface water and groundwater is important to all of the citizens of this state. It is somewhat disheartening that implementation funds should have to rely on gaming revenues but that appears to be the case. The Kansas Water Authority and

the Kansas Water Office had made recommendations for what many of us considered to be bare-bones budget to implement the state water plan. The agencies were asking for \$14.2 million. Instead of that amount ... an amount readily available from the so-called "windfall," what was recommended in the Governor's budget amounted to \$4.170 million, and of that even \$170,000 is being siphoned off the oil overcharge refund revenues.

Mr. Chairman, and Members of the Committee, one of the strong reasons we suggest to this Committee, to the Legislature, and to this Administration for renaming and rededicating the efforts outlined in new Section 4 is this: Of the \$14.2 million requested by the Kansas Water Authority and the Kansas Water Office for implementation of the state water plan, some \$10.2 million would have been utilized through the Soil Conservation Commission for enhancement of its water resources cost-share and high priority water resources programs, including such priorities as non-point source pollution, rural flooding, reservoir sedimentation, groundwater deficits, stream channelization and moisture conservation.

There have been created 12 River Basin Advisory Committees, each with 11 members. Those dedicated Kansans from throughout the state have **examined closely** the needs for protection of the state's soils to prevent further erosion and sedimentation of our water resources or in our water resources, for the protection of highly erodible lands and other lands in identified areas which are not classified as highly erodible. **Yet**, what has been asked is one project that was recommended by the Kansas Water Authority and that was for the Centralia Site 50 Multipurpose Lake for an

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amount of \$240,000.

Mr. Chairman, we urge, we ask in all sincerity that we not dilute the very modest funds that could be used to implement the state water plan by throwing wide the door and suggesting use of those funds for facilities in connection with parks and peripheral programs. We ask you to review our suggested language and to adopt the amended language so that state water plan implementation has some reasonable prospect of taking place.

Thank you very much for the opportunity to appear on H.B. 2908. We would be pleased to respond to any of your questions.



SIERRA CLUB

*Kansas Chapter*

Testimony Before  
House Economic Development Committee

HB 2908

Kansas Chapter of the Sierra Club

Margaret Post Ahrens

February 24, 1988

*House Eco Devo  
Attachment 7  
2/24/88*

I am Margaret Post Ahrens, representing the 2000 members of the Kansas Chapter of the Sierra Club. The Sierra Club is an organization dedicated to the preservation and wise use of natural resources. Members of the Sierra Club are Kansans who appreciate the natural environment in which they live. There are a high percentage of scientists, educators, inventors and entrepreneurs in our Kansas membership, the very people you hope to attract through economic development proposals you support.

These Kansans value their state as a place they hope will have wide clean skies, plentiful and pure water and gift-giving earth. They view investments in natural resources as investments in life itself.

Which brings us to HB2908. The bill would authorize expenditure of a limited portion of gaming revenues as investments in natural resources over time. We applaud the bill because it reflects leadership with a point of view that unites the state's natural heritage, the basis of her economic development, with current attempts to support and create more economic development in the state. Because economic development takes place in an environment broader than that of any special interest group.

As our representatives in state government, you are constantly asked to look at the whole of an issue. You have to view proposals in view of the state's wellbeing over time. We are asking that you use that wider view when you consider HB2908.

The view considers questions like, who pays for development? Who gains? What is an appropriate subsidy for the state to pay for development?

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The reason that such questions are relevant today is that we are considering the appropriateness of investments in natural resources as economic development investments for the state. This year's specific proposals would fund water projects, groundwater contamination clean-up and some recreation and wildlife investment projects.

We are in a struggle for plentiful clean water. When certain businesses overpump aquifers, others are left with dry or salt-infused wells. Whole rivers have dried up, creating enormous economic losses for agriculture, business and communities. When oil and gas drilling leave salt-contaminated soil and groundwater behind, individuals, businesses and communities and the state are left with the economic costs of cleanup.

In particular, landowners and communities suffer from lower land valuation and higher health risks because of contaminated water supplies. The contamination of groundwater at more than half the 340 known sites in Kansas are the direct result of past economic development in oil and gas drilling alone.

That is why cleanup is an appropriate concern of legislators making policy on economic development. For example, the eight sites recommended for saltwater cleanup in the 1989 budget are sites for which the state cannot find a viable responsible party. We all have to pay. The Galena contamination, the result of Kansas economic development, is so massive that millions of Federal dollars as well as the state match in this year's budget will only care for a portion of the total effect. Kansans and the entire nation have to pay.

We applaud the efforts of this committee in the study and direction of specific economic enterprise efforts using gaming revenue funds. What we dispute is the pretended dichotomy between economic development and natural resources. An attempt to separate the two blinds us to hidden or secondary costs which Kansans will be asked to pay, particularly relating to clean plentiful water. In the end, someone has to pay for natural resources. We also agree that people have to pay for recreational and wildlife uses.

I was asked, "Where were you when we heard testimony on this issue two years ago?" Speaking personally, I was in my basement, incubating a business. I am one of your "entrepreneurs". I developed, manufactured and distributed a patented product that is now being manufactured and distributed by a large producer of related products. I, and I believe, many of those whom I represent here today understand the problems associated with the development of new ideas and new businesses. The required investment in time and dollars is high. The path to success is long and risky and requires exceptional perserverence.

The state has subsidized economic development in the past. Much of this assistance had short term effects that did not consider future costs. It ignored water depletion and contamination. This bill presents an opportunity to take another look at the whole picture, to view economic development in terms of the common good.

You might say that when business gets going, the tax base will increase and the state will then take care of her natural resources. We say economic development and care for natural resources go hand in hand; clean up the problems from the past, conserve and protect water

resources for all, including our children's children, provide for recreation and wildlife which refresh and sustain Kansans.

In conclusion, we ask that you pay attention to Kansas' natural resources with investments over time,

That you project in all your deliberations an image of respect for her natural resources

That you show pride in what is Kansas, naturally.

Please support HB2908.



Kansas Chapter  
of the  
WILDLIFE SOCIETY

My name is Jim Bennett and I am here today representing the Kansas Chapter of the Wildlife Society. The Wildlife Society is the professional association of wildlife resource managers and educators, including federal, state and the private sector.

The Kansas Chapter of the Wildlife Society strongly supports HB-2908, whereby 20 percent of the gaming funds are to be allocated for natural resource protection and development in Kansas. During the 1986 legislative session the Kansas Chapter of the Wildlife Society supported passage of the State Water Plan legislation. We are before you now to further voice our support of the natural resources of Kansas.

To be effective the State Water Plan must be funded. By providing those funds HB-2908 helps to insure a high quality of life for future generations of Kansans. We believe that continued economic growth in Kansas will depend on the wise use and development of our natural resources. We urge you to favorably recommend HB-2908 out of this committee.

*House Eco Dev  
Attachment 8  
2/24/88*

# LEAGUE OF WOMEN VOTERS OF KANSAS

TESTIMONY ON HB 2908 BEFORE THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT  
February 24, 1988

Mr. Chairman and Members of the Committee:

I am Mary Ann Bradford, Natural Resources Coordinator, for the League of Women Voters of Kansas, a non-partisan, multi-interest organization.

A common definition of economic growth is the increase in output of goods and services generated by economic activity. The environment is defined as a system comprising the earth's living things and the thin global layer of air, water, and soil which is their habitat. The basic function of this system is the ecological cycle, in which each separate element influences the behavior of the rest of the cycle, and is in turn affected by it.

We, as human beings, are dependent on this system or ecosphere not only for our biological requirements (oxygen, water, food) but also for resources which are essential to all our productive activities. These resources, together with underground minerals, are the irreplaceable and essential foundation of all human activities.

If we regard economic processes as the means by which human society uses and disposes of the resources available to it, then it is evident that the continued availability of the resources derived from the ecosphere (i.e., non-mineral resources), and therefore the stability of the ecosystem, are essential to the functioning of any economic system.

If this deduction is acceptable, then why should moneys for natural resources development be at odds with moneys for economic development?

Among the stated purposes of the Kansas Department of Commerce to facilitate economic growth, diversification and innovation, is the purpose to "protect and enhance the environmental quality of the state in ways consistent with dynamic economic growth". Among its powers and duties is the encouragement and promotion of the recreational, historic and natural advantages of the state. These statements point up the interplay between our environment, natural resources and economic activities. Then why should moneys for natural resources development be at odds with moneys for economic development?

*House EcoDevo  
Attachment 9  
2/24/88*

As a multi-interest organization, the League of Women Voters sees, as you do, the need to spread limited dollars among worthy programs to benefit the greatest number of Kansans. We recognize the necessity for the thrust to enhance and increase economic activities within the state to provide employment and services that meet basic human needs and raise standards of living. But, after 40+ years of lobbying for preservation of our natural resources and protection of the environment, we also recognize the necessity for a firm commitment and a consistent dedication of funds for natural resources projects. The League, therefore, supports HB 2908 and asks that it be recommended favorably for passage.

February 24, 1988

## TESTIMONY IN FAVOR OF HOUSE BILL 2908

The question that passage or defeat of House Bill 2908 will answer is whether Kansas is committed to real economic development or simply business as usual. It boils down to whether we are willing to develop all avenues of economic opportunity or bind ourselves only to those we've tried before.

In specific, I encourage this committee to endorse Governor Hayden's proposal to create a natural resource development fund equal to 20% of the state gaming revenues fund. Having a sure source of money each year will allow Kansas to begin action on a large and growing number of important natural resource projects currently relegated to the back burner, without hope of reprieve.

The state water plan's an example. There are some who deny there's a connection with economic development. Not the editors of Kansas Business News. In the August issue last year, they noted, "In nearly every case, one of the things a prospective new industry insists upon when it considers locating in a community is a good supply of water." After citing several examples, they concluded, "At nearly every turn in the quest for economic development, then, the need for water is paramount."

House Bill 2908 also provides that this new fund can be used to protect soil, wildlife, forest and prairie resources. Appended to this testimony is an article from the New York Times detailing the time and money spent just by those who watch or feed birds. I think the totals there will astound you. That's why I find it ironic that the Mid-Kansas Economic Development Commission from Great Bend would take the lead in opposing the use of economic development initiative funds for natural resources projects. They do not believe such investments create jobs. They should take a look at the economic element of the Cheyenne Bottoms feasibility study, which you helped fund. It shows an economic impact of almost \$1.5 million to Barton County from the people who visit Cheyenne Bottoms. And that's without any major promotional or developmental activity by the Great Bend business community. Yet the potential is there. In the last three weeks alone, I've received letters from Wisconsin, Maine, and Brooklyn, New York, asking for information about the Bottoms. I've even heard from people in Canada!

*House Eco Devs  
Attachment 10  
2/24/88*

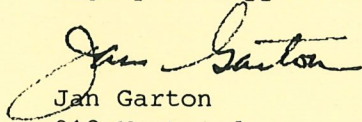
# J.S. Garton

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What seems to be lacking is a willingness to look in new directions. If I were the director of the Ellinwood Chamber of Commerce, I think I could steal Cheyenne Bottoms from Great Bend. The first thing I'd do is build a Cheyenne Bottoms Natural History Center on the east edge of town. That way people coming and going to the Bottoms would have to drive through my town on the way. Then I'd visit with the Department of Wildlife and Parks and Ducks Unlimited to see about building a wetland around the Center, so visitors could see living wildlife. Then I'd get the business community involved in hosting Cheyenne Bottoms Days -- with wildlife art and crafts shows, trade shows featuring hunting or birdwatching equipment and accessories. I'd hire a guide, and sponsor tour groups to the Bottoms during peak migration seasons. Perhaps some wildlife-related businesses would be attracted to the community, or maybe an artist's cooperative with decoy-carvers, painters, and other craftspersons. I'd print up t-shirts and bumper stickers and entrance signs proclaiming Ellinwood as the "Gateway to Cheyenne Bottoms."

Of course, this wouldn't happen overnight. But the point here is that there are jobs created by investment in natural resources, if only we have the creativity and the vision to explore the opportunities.

In ecology, as in economics, the greater the diversity, the healthier the community. Kansas must move on all fronts in the fight to improve our economy, including natural resource development. A secure funding base provides the means for essential long-range planning and implementation. I urge your support of House Bill 2908.



Jan Garton  
219 Westwood  
Manhattan, Ks. 66502

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2/24/88

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NEW YORK—Whether to catch the wood warblers' migration to Long Island Sound or to view the arrival of red-winged blackbirds at Cape May, N.J., bird watchers these days are engaging in their own spring ritual. They are dusting off binoculars, purchasing the newest field guides and filling bird feeders.

And with the arrival of spring on Thursday, more "birders" than ever will be out in weeks to come. Some will simply use spring as a reason to emerge from winter hibernation. But for many others, notching another species in their logbooks or spotting the white ring around the eyes of the ruby-crowned kinglet is sheer joy.

Bird watching, in fact, now attracts an estimated 21 million Americans and has become the nation's second-most-popular passive sport, topped only by

gardening, according to the National Audubon Society. Moreover, it has turned into a multibillion-dollar industry for the scores of companies that run birding field trips to far-off places and produce everything from heated birdbaths to software programs that display the shape and markings of birds on computer screens at home.

"People are cashing in on this bird bonanza," says Christopher W. Leahy, assistant director of the conservation department for the Massachusetts Audubon Society. "There are incredible bucks in bird feeders, and bird books are big dollars."

For retailers of bird-watching paraphernalia, "this year should be the biggest yet," said Pete Dunne, director of natural history information for the New Jersey Audubon Society, which, he added, "has increased membership 70 percent, to 7,200 members, in the last three years."

Bird watchers by the hundreds will be out in a few weeks when the wood warbler migration begins, said Jean C. Porter, director of operations at the National Audubon Society Center in Greenwich, Conn. The center is known to attract more than 1,000 birders a day on spring weekends.

"Everyone's on the lookout; it's spring migration and birders migrate with the birds," said Priscilla M. Tucker, executive editor for the American Birding Association.

Along with the chirping comes a ringing of cash registers. German roof-prism binoculars, computer software, Arctic expeditions and thistle seeds are all part of a fast-growing industry.

Signs of the bird boom abound.

"The number of people on tours in the metropolitan area has more than doubled since I began at the American Museum of Natural History 12 years ago," said Stephan C. Quinn, a naturalist at the New York museum who leads bird walks in the metropolitan area.

"Sales of the Audible Audubon has gone up 30 percent since

1981," said Thomas C. Rosenbauer, public relations director for the Orvis Co., an outdoor gear outfitter. (The Audible Audubon is an electronic machine that enables bird watchers to listen to recordings and see pictures of different bird species.) Bird Watcher's Digest, which was begun in 1978 with 2,189 subscribers, now has a circulation of more than 55,000.

Birders can learn about warblers, towhees and tanagers in front of their computer screens or on their portable tape machines. Bird records and cassettes, retailing for \$5 to \$25, are widely available. And within the last three years software companies have developed computer disks and videos, advertised for \$24.95 to \$125.00.

"This is big business—it's a heyday," said Charles L. Sullivan, president of Boston Electronic Systems Training Inc., a Waltham, Mass., company that last Christmas began publishing software to aid the hobbyist. A computer disk available from the Massachusetts Audubon Society or the Sierra Club's spring

catalogue for \$39.95 teaches the 40 parts of the bird's body and flashes silhouettes of the 21 orders of North American birds.

Bird watching began moving to the forefront of American hobbies in the 1960s; when environmental awareness was popularized.

"Back when I was a kid, bird watching was for the wimpy Boy Scout type, or the eccentric aristocrat," said Leahy of the Massachusetts Audubon Society. "Now you see everyone from Harvard students to lawyers in pinstripe suits bird watching before going to the office."

One such enthusiast is A. Richard Turner, a former dean of the faculty of arts and sciences at New York University and now a professor there who is on sabbatical at Princeton University. Instead of taking the direct route to Princeton, he said he has recently begun cutting through the New Jersey woods with binoculars in hand. "I get very excited when a wood duck goes over," he said. "Oh, do I have spring fever."

Birding fever is contagious. Manny Levine, a furniture manufacturers' representative in New Jersey who has been a bird watcher for 53 years, said: "When I started bird watching, I probably knew every watcher in the New York area. Now they're everywhere."

Many of them subscribe to the two major birding magazines, Bird Watcher's Digest and American Birds, whose circulation have more than tripled over the last 10 years. In addition, sales for bird field guides has increased 10 times since Roger Tory Peterson revolutionized bird watching with his field guide series in 1934. And the 86-year-old annual Christmas bird count, sponsored by the Audubon, started with 27 members, grew to 33,022 in 1980 and now attracts more than 41,000 participants.

Not everybody, however, needs to spend thousands on the hobby. Binoculars run the gamut from \$70 second-hand versions in the Army-Navy store to a top-of-the-line 8x30-Zeiss that retails for \$550.

Field guides, about 600,000 of which are sold annually, are all that most bird watchers need. Known informally as "birder bibles," they grossed \$17.9 million last year.

**The Manhattan Mercury**

**Sunday, March 23, 1986 F7**

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According to Dean Amadon, ornithologist at the Museum of Natural History, the three most respected guides for the Northeastern region are: "A Field Guide to the Birds: East of the Rockies" (\$11.95 in paperback) by Roger Tory Peterson; "The National Geographic's Field Guide to the Birds of North America" (\$13.95 plus \$3.25 for shipping), and "The Audubon Society Field Guide to North American Birds" (\$13.50 in paperback).

About 140,000 copies of Peterson's book are now published each year. The first year, 2,000 copies were published. Over the last 52 years, the guide has sold 3.25 million copies, making it the top seller in the history of the Houghton Mifflin Co., which

publishes it.

For birders with large enough pocketbooks, there are numerous possibilities. For example, Cornell University's ornithology laboratory has established two correspondence courses offered nationally through the two leading birding magazines. For \$140, a subscriber can take home-study bird biology. Since its initiation in 1972, 7,000 people have participated. For \$155, there is home-study bird photography, which currently has 700 participants.

Birding paraphernalia include metal bird whistles, birding games, bird prints and drawings.

Field trips also run the gamut from the simple to the extravagant. Millions of bird watchers venture out each year, some to a local beach or park, others to distant continents. Birders will assemble their cameras, on which the Audubon estimates they annually spend \$34.7 million, film (\$739.4 million), binoculars (\$79.3 million) and special clothing (\$98.5 million), and set out into the great outdoors. Each year, \$4.1 billion is spent for travel to observe wildlife, according to the U.S. Department of the Interior.

Since North America has only one-tenth of the world's species of birds, there is reason for serious bird watchers to travel to such areas as Africa, Mexico or the Soviet Union. Victor Emanuel Nature Tours Inc., of Austin, Tex., runs approximately 80 bird watching tours each year, serving 900 to 1,000 customers who pay an average of \$1,500 per tour.

Some trips are more expensive. Winthrop W. Harrington, a dentist from Lincoln, Mass., and a bird watcher for 40 years, recently gathered a myriad of equipment and spent \$26,000 so that he and his wife could take a 20-day expedition to the Antarctic in search of penguins, albatrosses and other unusual birds. Up every morning at 5 o'clock to howling winds and often rough seas, each of the 103 members of this Audubon Society expedition paid a minimum of \$9,000 to spot arctic birds.

"It was the most expensive trip of a lifetime," Harrington said. "I brought two binoculars, two 35-millimeter cameras, two super-8 sound movie cameras, two specific field identification books and my wife."

Still, even the 62.5 million Americans, one-third of the population, who just feed wild birds, according to the Department of the Interior's Fish and Wildlife Service figures, spend up to \$517 million each year on bird seed. That is about "1.2 million tons," said Richard Schinkel, owner of Wild Birds Unlimited in Indianapolis. Agway Inc. in Bethel, Conn., has sold 210,000 pounds of feed, since June of last year, said William J. Taylor, the manager.

In addition, \$54.7 million is spent each year on bird feeders. Some are specially designed to protect feed from squirrels. Birds can live in others. Americans also spend \$25.8 million each year on birdbaths and \$20.2 million on birdhouses.

FOR IMMEDIATE RELEASE  
February 24, 1988

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(913) 472-4576

#### NATURAL RESOURCE INVESTMENT IS ESSENTIAL

Representatives of the state's leading resource conservation and environmentally concerned organizations, with approximately 25,000 members and supporters in Kansas, have come together today in a coalition to emphasize the importance of favorable legislative action on Senate Bills 550 and 572, and House Bills 2733 and 2908. These four pieces of legislation contain measures essential for the health of Kansas residents and their natural environment. They not only represent an appropriate use of Economic Development Initiative Funds, they are, in all likelihood, a necessary step if we are to insure long-range economic well-being for the state.

We believe that new business, new industry, and new human resources will only be attracted to, or remain in, an area that can promise a reliable and abundant supply of clean water, and a healthy and diverse environment. Equally clear is the realization that there are sizeable costs associated with protection and development of natural resources, and with prevention and cleanup of environmental contamination.

Senate Bill 550 contains provisions authorizing appropriation of approximately \$1.09 million in economic development initiative funds to the Department of Wildlife and Parks throughout fiscal year 1989 for three projects: purchase of wetland habitat near McPherson, purchase of water rights at Cedar Bluff reservoir, and improvements at Hillsdale Reservoir.

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Under Senate Bill 572, \$1.75 million in EDIF money will go to the Department of Health and Environment to match federal money earmarked for the Galena Superfund site, and to clean up eight saltwater contamination sites that were given high priority because of local water use requirements. Currently, KDH&E lists an additional 324 statewide sites that have contaminated ground or surface water, and these could be future candidates for EDIF appropriations.

House Bill 2733 includes EDIF funding for two multipurpose small lakes projects near Centralia and Wellington.

What these bills have in common is the acknowledgement that economic development wears many guises, including investment in natural resources. These measures begin to open whole new avenues of economic opportunity to a state traditionally tied to agriculture, oil, and aircraft.

But what of the future? One year's attention to natural resources is not enough. As you recall, during the last five years, the Kansas legislature has affirmed many times the value of natural resource protection to the well-being of our state. Legislators funded the Cheyenne Bottoms feasibility study and the background research for the Natural Heritage Inventory. They voted their approval of many elements of the state water plan, including riparian and wetland protection, minimum streamflows, and conservation easements. All of these programs await implementation.

House Bill 2908 is one mechanism that does just that. It creates a natural resources development fund equal to 20 percent of the state gaming revenues fund to be used for: (1) Development, conservation and protection of the state's surface water and groundwater resources; (2) development, conservation and protection of the state's other natural resources including, but not limited to, soil, wildlife, forests and prairie; and (3) recreational development of waters and parklands, improvements and facilities. It commits the state of

Kansas to dependable, long-term funding for vital natural resource projects.

The provisions contained in Senate Bills 550 and 572, and House Bills 2733 and 2908 have been hailed as innovative and of great environmental significance by leaders at the national level and in our neighboring states. We now urge our legislators to grasp this opportunity to recognize that a healthy environment must be the foundation for successful economic development.

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SUPPORTING ORGANIZATIONS IN ATTENDANCE

Kansas NaturalResource Council  
Charlene A. Stinard

Kansas Audubon Council  
Eulalia Lewis

League of Women Voters of Kansas  
Mary Ann Bradford

Kansas Chapter of the Wildlife Society  
Jim Bennett

Kansas Rural Center  
Vic Studer

Cheyenne Bottoms Task Force  
Jan Garton

Kansas Association of Conservation Districts  
Richard Jones

Kansas Wildlife Federation  
Jerry Hazlett

Kansas Chapter of the Sierra Club  
Margaret Ahrens

Kansas Canoe Association  
Dean Wilson

Kansas Ducks Unlimited  
Spencer Tomb

Geary County Fish & Game Association  
Ed Augustine

Kansas Recreation & Park Association  
Laura Kelly

Kansas Wild Turkey Federation  
Mike Stewart

SUPPORTING ORGANIZATIONS UNABLE TO ATTEND

Kansas Ornithological Society

Kansas Chapter of the American Fisheries  
Society

Riley County Fish & Game Association

Kansas Association of Biology Teachers

a-10-6  
2/24/88

# Kansas Natural Resource Council

Testimony presented before the House Economic Development Committee  
HB 2908: State Gaming Revenues

Charlene A. Stinard, Kansas Natural Resource Council

February 24, 1988

My name is Charlene A. Stinard, and I represent the Kansas Natural Resource Council, a private, nonprofit organization of 800 members promoting sustainable natural resource policies.

The Fiscal Year 1989 Budget proposes an allocation of over \$4 million from the Economic Development Initiatives Fund for water cleanup and development. While water resource projects contribute substantially to economic development, and are appropriate infrastructure expenditures, we prefer that natural resources projects be funded separately from economic development projects.

HB 2908 represents a major advance for natural resource initiatives: a first serious commitment of funds for implementation of the Water Plan, contamination cleanup, and water resource development projects. There might be other alternatives we would prefer -- a long-term commitment of secure funding -- but the Legislature has chosen not to commit General Funds for substantial investment in natural resource initiatives.

We urge legislative support of HB 2908, reformulating the state gaming fund to include a natural resources development fund.



HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

February 24, 1988

Testimony on House Bill No. 2908 - an act relating to state gaming revenues; concerning transfers to the county reappraisal fund, juvenile facilities fund and correctional institutions building fund; establishing and providing for transfers to the natural resources development fund; amending K.S.A. 1987 Supp.79-4801, 779-4802, 79-4803 and 70-4804 and repealing the existing sections.

I am Richard Jones, Executive Director of the Kansas Association of Conservation Districts.

The Kansas Association of Conservation Districts represent the 105 county conservation districts in Kansas. Conservation districts provide assistance to landowners and operators for the protection and improvement of their soil, water, plant and animal resources. Conservation districts are governed by a five member board of supervisors made up of local farmers and ranchers.

The Kansas Association of Conservation Districts supports the use of gaming revenues for the economic development of our State's natural resources. The State's largest industry, agriculture, is based on the ability of our soil and water resources to continue to economically produce food and fiber. If we continue to ignore these vital resources, not only will agriculture, our State's most important industry, suffer, but all industries and economic development will feel the impacts and soon would be looking for better economic areas.

I cannot think of any industry that does not need a sufficient supply of good quality water in order to exist let alone produce. Water is one of the chief resources industry looks for when investigating sites for expansion or development. If a good quality and quantity water supply is

*House Eco Devo  
Attachment 12  
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not available, that industry is going to move on to where this demand can be met. It is time that we realize that our State's natural resources are directly tied to the economic development of our State and it is time that we decide to protect and preserve them to assure future economic stability.

Sediment is our worst and largest polluter. This is evidenced by looking at the upper reaches of our major water supply reservoirs across the State. A large part of the water storage capacity of many of our major reservoirs has been replaced by sediments. The upper reaches of Tuttle Creek Reservoir is a prime example of how sediment can reduce the water storage capacity of a water supply reservoir. Not only do these sediments encroach upon valuable water supplies but also carry with them nutrients and pesticides that impact on fish and wildlife. The time has come to keep sediments from damaging our water resources through existing conservation programs.

House Bill No. 2908 is the first step in this effort. We commend the Governor and the Legislature for taking this step to fund natural resource development. We believe that the protection and preservation of our State's natural resources are vital to its economic development and feel strongly that gaming revenues should be used to assure their use for future generations. We look forward to use of future gaming funds for implementing the State Water Plan through existing water resource programs, and urge you to pass House Bill No. 2908.

A-12-2  
2/24/88



# State Conservation Commission

109 S.W. 9TH STREET, ROOM 300

TELEPHONE (913) 296-3600

TOPEKA, KANSAS 66612-1299

House Economic Development Committee  
House Bill No. 2908  
February 24, 1988

Testimony By:  
Lola Warner  
Program Administrator

The State Conservation Commission supports the concept of providing 20% of the state gaming revenues fund for the Natural Resource Development Fund.

Development, conservation and protection of the state's natural resources of soil and water has been the prime objective of the State Conservation Commission since it's organization in 1937.

The state programs administered by the Commission are implemented at the local level by Conservation Districts, Watershed Districts, Drainage Districts, Rural Water Districts, towns and cities and other governmental entities.

The people of the State of Kansas will benefit from projects that are completed using the Natural Resources Development Fund as a funding source based on the fact that in order to attract and retain new economic development to the state, clean water in sufficient quantity must be available.

The Conservation Commission supports House Bill No. 2908 as one source of designated funding for natural resources; however, it should not be the only source of funding considered.

*House Eco Devo  
Attachment 13  
2/24/88*

## Economic Development through Land and Water Resource Projects

Land and water resource projects make a major contribution to the Kansas economy. Such problems as flooding, water quality, erosion, recreation needs, municipal and agricultural water supply deficits, irrigation water needs, and land deterioration limit economic growth. These problems are relieved through state and/or federally financed projects involving construction of single and multipurpose dams and upstream land treatment.

Current state and federal water resource planning criteria requires projects to be formulated with benefits in excess of costs. Alternative plans can be formulated for other purposes than economic but the selection of a recommended plan is influenced by the plan formulated for economic efficiency. An economic increase is thereby assured with each approved plan.

The local economy is first affected in the construction phase which brings in a project office staffed to supervise the design and construction of each dam. New jobs are also created to maintain measures after construction is completed. Local labor, material, and services will increase even where construction contracts are issued to firms outside of the local area. The local and state economy is further stimulated by project benefits which are dollars that would otherwise have not been available.

Probably the best information available to test the impact of land and water resource development comes from the study conducted by M. Jarvin Emerson and others in 1969 titled "The Interindustry Structure of the Kansas Economy." This report, pages 153-155, lists the income multipliers for 69 sectors. Heavy construction has an income multiplier of 1.92. Benefits derived from the project also cause a multiplier effect. Some of them are as follows: corn, 1.67; sorghum, 1.71; wheat, 1.80; soybeans, 1.73; hay, 1.56; cattle, 5.00; meat products, 6.95; dairy products, 4.73; grain mill products, 7.18; and other agricultural products, 2.24. By adding the income multiplier from construction and benefits, the project multiplier would range from about 3.5 to 8.0.

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Prepared by W. Duane Evans, Agricultural Economist, USDA,  
Soil Conservation Service, Salina, Kansas, February 4, 1988

a-13-2  
2/24/88

Eulalia Lewis

Topeka Audubon Society Board member

Kansas Ornithological Society

Kansas Audubon Council

The National Audubon Society was started for the purpose of saving one endangered species, the Snowy Egret. It was a rather new idea in our extravagant nation to preserve any species. Later the society became aware that keeping poachers from killing is not enough to insure their survival but their Particular Habitat preservation was vital to the species. The Habitat for the survival of the Egrets as for all animal species is made up of SPACE - FOOD - WATER - PLACE TO RAISE THE YOUNG and SHELTER FROM THE ELEMENTS AND PREDATORS. People are animals that need those same conditions. What ever is done for the benefit for wildlife - benefits all life including people. It cleans the water systems both surface and underground , It cleans the air as green things act a filters , It Cleans our own bodies and psycics or souls. We all need green, wild areas to relax in.

To furnish habitats and support of wild life in Kansas there would not be much to attract urbanites to our state. Most city dwellers dont go to another city to vacation and relax. As Kansas is becoming increasingly urban the wild areas become more precious to all the wildlife and people who watch wildlife, ore hunt and fish it. Those who watch are more numerous than the consumers.

Keep the spaces for escape for the urban tourist and Kansan so not everybody will need to go to Janaca (You've seen the ads) Please plan to pass this bill (HR2908) so the wildlife and people may live.

House Eco Demo  
Attachment 14  
2/24/88



TESTIMONY PRESENTED TO THE  
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

ON HOUSE BILL 2908

BY  
DEAN WILSON  
FEBRUARY 24, 1988

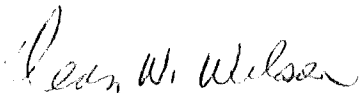
I am representing Kansas Canoe Association with 500 total members. I appear before you to express public opinion. We are in support of HB 2908.

We are in confusion on what the original intent was with the vote for the lottery and paramutual betting. We thought the money was going to economic development and education. The money has gone to reappraisal, corrections building fund, and economic development. How does reappraisal and correction building fund relate to economic development?

HB 2908 addresses the percentage to go to economic development, corrections building fund, and natural resources. One of the basic building blocks to economic development is to have unpolluted air, water, and land. QUALITY OF LIFE is one of the factors in promoting economic development. We have areas in the state economic poor. Why is this? One factor can be contributed to the polluted water or low/non-existent water. Consequently, natural resources go hand-in-hand with economic development.

Kansas ranks 32nd in the nation in population (using 1985 figures), 14th in land area with 97% in private ownership, and 49th in funding of our natural resources (source: Topeka Public Library reference desk). We have an opportunity to increase economic development in local communities with the planned development of our natural resources. This would help keep our recreational dollars in Kansas while drawing dollars from outside the state as well.

While we are in confusion of how the corrections building fund equates to economic development, we feel it is important to allocate, up front, funds to natural resources for the reasons stated. Consequently, as purchasers of lottery tickets, the Kansas Canoe Association seek your support of HB 2908.



Dean W. Wilson  
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Topeka, Kansas 66605  
(w) 232-1000 x3129  
(h) 266-6591

A-14-2  
2/24/88

# THE KANSAS RURAL CENTER, INC.

304 Pratt Street

WHITING, KANSAS 66552

Phone: (913) 873-3431

Mr. Chairman, and members of the Committee. I am Vic Studer from the Kansas Rural Center an environmental, non profit, education and research foundation. I am a researcher in the area of groundwater protection and because of the large number of environmentalists testifying here today I will limit my testimony to the need for a natural resource development fund to be used for development, conservation and protection of the state's ground and surface water resources, (HB2098 line 0075-0083).

In FY 1989, the Governor is proposing that 4.17 million dollars be used for new natural resource projects. This funding is new money derived from the State Gaming Revenues under Economic Initiatives. We are grateful for the expenditure even though it is long overdue. We now find ourselves in a struggle to hold on - to see that the state's basic water policies are not eroded back to the general budget where they will simply lie dormant for another year. Our position clearly sees water as a natural resource and it should be funded as such. However, functionally our natural resources are essential to economic development.

Throughout history, the availability of water has determined the success or failure of many communities. As early Kansas settlers quickly discovered, water determines wealth- both community and statewide and, often determines survival itself. Kansans today, like the early settlers, are increasingly concerned about water resources - both quality and quantity, and ability to support our communities and families. In many areas of our state economic development may be limited because of water supply or quality. Smaller communities with critical water quantity and quality problems might meet with great difficulty in attracting new business. All the economic development in the world means nothing without clean water therefore, to proceed in economic development without some consideration and action on water and natural resources issues is a waste of time. You can't just turn on the faucet and find plenty of fresh water... and without it what can we offer any business, any organization or any family for that matter?

Today, after six years of concentrated effort on the water plan we have a price tag of \$14.1 million dollars. Less than 1% of the State's money has ever been spent on water and no state general revenue funds have ever been designated to implementation of this plan. Gaming funds could furnish the funding necessary to complete these conservation and development projects that are fundamental towards our economic development and survival.

I realize that Legislation passed in the name of economic development must be carefully considered. I ask you to examine carefully the long and short term impact on our natural resources and the basic immediate concerns of our water needs. Water clearly overlaps into every division of the Kansas economy.

*House Eco Devo  
Attachment 15  
2/24/88*

Considerable time, effort and money is needed. Data must be updated and accessed on quality and quantity. The nation is pushing us forward with the implementation of the Safe Drinking Water Act and establishing requirements for our State Groundwater Protection Strategy. Mapping requirements are now required for critical aquifer areas and plans must be developed for protection of aquifers which are the sole drinking water source for many communities. Kansas is just not prepared to meet these requirements. Without funding and implementation of the water plan problems will continue to arise, contamination will further threaten the already questionable water reserves and Kansas will no longer be the land of clear blue skies and clean water. Economic development will flourish where there is clean water and plenty of it.

We need your support. HB 2908 is expected to generate \$4-6 million annually for natural resource projects. It is alarming that the Water Plan has been kicked around for so long... We can now have a designated source of money to complete the water conservation and development projects as well as the many other natural resource development projects in Kansas. The answer is two fold; 1.) continue to fund Natural Resources through this years economic development budget and 2.) the allocations should be reformed in 1990 to include a 20% allotment for natural resources as set out in HB2908.  
Thank you.

# Kansas Association of Counties

*Serving Kansas Counties*

212 S.W. Seventh Street, Topeka, Kansas 66603

Phone (913) 233-2271

February 24, 1988

To: Representative Phil Kline, Chairman  
Members House Economic Development Committee

From: Bev Bradley, Legislative Coordinator  
Kansas Association of Counties

Re: HB-2908 gaming revenues - county reappraisal fund

Thank you Mr. Chairman. Good afternoon ladies and gentlemen, I am Bev Bradley representing the Kansas Association of Counties.

I am sure this committee is aware of the immense combined effort of the State of Kansas and each of the 105 counties in Kansas to accomplish the very large and expensive task of reappraisal. It has been a strong partnership effort from the beginning and must continue to be so. We certainly appreciate the state per parcel reimbursement to counties and feel that the partnership should continue - both the sharing of the work load and sharing the financial load. We expect a quality product and in order to keep the quality product as outlined in the 1985 - SB-164 reappraisal will be a continuing process. K.S.A. 79-1476 says "the County Appraiser shall have the duty of reappraising all of the real property in the county pursuant to guidelines and timetables prescribed by the director of Property Valuation and of updating the same on an annual basis." This statute continues "Following completion of the statewide program of reappraisal, every parcel of real property shall be actually viewed and inspected by the county or district appraiser once every four years." It is our position that this statute assures the continued partnership - the State/County partnership to keep this never-ending project current.

The officials representing our membership, all 105 counties, voted at their annual meeting in November to make the continued state reimbursement to counties for at least 50% of the cost of maintenance of reappraised values - their #1 legislative priority. For this reason, ladies and gentlemen, we support this continuation as outlined, but would ask that since the annual updating is ongoing the funding continue indefinitely. Some of the added costs will be computer maintenance, higher staffing levels and maintenance contracts. I should also state that the Property Valuation Division is supportive of this concept.

Thank you very much for your time and attention.

*House Eco Dev  
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2/24/88*

TESTIMONY ON HOUSE BILL 2908

to

The House Committee on Economic Development  
February 24, 1988

by

Anthony L. Redwood  
Professor of Business  
Executive Director  
Institute for Public Policy and Business Research  
University of Kansas

Mr. Chairman, members of the committee, thank you for the opportunity to testify on H.B. 2908. I previously expressed my views in earlier testimony in relation to HCR 5035, concerning expenditures from the Economic Development Initiatives Fund but nevertheless I wanted to reiterate our strong opposition to this bill at this hearing.

Kansas is struggling relative to most of the rest of the United States. Employment growth has been half that of the U.S. this decade, and there is every indication that the state will continue to under-perform U.S. average into the next decade. We are not doing very well. Net out-migration has continued this decade, including that of our best young people. Population growth remains one of the slowest in the nation. This Legislature is running out of tax options as the tax base expands too slowly to meet pressing needs from all directions. Net business formation is not strong. And of course, we are about to lose a congressional seat.

What has been our response? Well, we as a state have devised an economic development strategy and you the

*House Eco Devo  
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Legislature has established the mechanisms and programs to implement it. Indeed, it has been the model for other states to copy. All that has been missing is funding to make it go. In your wisdom, you the Legislature decided that the primary source of funding for economic development, indeed virtually the only funds designated for it, were to come from gaming revenue funds, 60 percent in FY89, and 90 percent thereafter. I believe that that was a sound decision then and the basis for it remains today.

We have waited patiently since 1986 for the day when gaming revenue funds would be available in some magnitude. The amount available for FY89 is estimated to be \$15 million. In real terms it will be much less, because of "dipping" into the fund for lower priority purposes from an economic development perspective. I have to say to you that \$15 million annually is obviously better than nothing, but it is barely adequate to make the sort of impact that we need to make to get us on track for better economic performance in the future.

Economic development is not just physical infrastructure. That is an out-dated concept of the 1950's. Kansas has pressing needs in this area, including roads, bridges, and water, but even if we could meet these needs from this fund, that alone does not generate economic growth. There are equally important, and most modern thinkers argue more important, investments to be made in such areas as human capital development, financial capital

availability, innovation, entrepreneurship, and so on, and the key to success is to support all of these on a balanced and yet meaningful basis.

Whatever funding level is available, it needs to be invested in a balanced manner. If the 90 percent allocation is sustained for FY90 onwards, then the state will be making a meaningful investment of \$20 million or more in economic development, and has the scope to invest in the respective foundations in a productive manner. This level of commitment has a chance, a good chance, of making a difference in our future.

In previous testimony, I identified the level of funding committed to economic development by other states in certain key program areas. A similar comparison is contained in the recently released KTEC Business Plan, and I attach one of the tables to refresh your memory. Furthermore, just this week, USA Today showed the state around 45th in Tourism effort, and given that we were 51st in Arts support, I hate to guess where we will be with the \$50,000 budget proposal for the Arts. All these numbers can be improved upon substantially if the overall level is strong.

Who can dispute that water and corrections facilities are important? They obviously are, indeed they are basic. As such, why haven't they been funded up to now? One can only assume that they were not perceived by you as being sufficiently important to warrant it relative to other needs. Second, what principle is to adopted in determining

economic development expenditures--expediency, or best return to the state, in terms of job and wealth creation? Our long term economic plight does not afford us the luxury of adopting the former.

It is a new world out there. It is a tough, competitive, innovative, science and technology driven world. Let's make up our mind - are we going to be whipped over the long-haul by Missouri and other competing states, or are we going to give it our best shot? Our best shot demands that we stick with the broad game plan and retain the 90 percent allocation of gaming revenue funds to the Economic Development Initiatives Fund. I urge you to reject this bill. Thank you.



## D. EXPENDITURES

### I. OVERALL EXPENDITURES BY STATE

Table 2

#### COMPARATIVE STATE ANALYSIS

Expenditures for Advanced Technology Development  
FY 1988

STATE	POPULATION		FY 1988 EXPENDITURES			
	(x 1,000)	Rank	Total (x 1,000)	Rank	\$ Per Capita	Rank
KANSAS	2,438	13	\$2,897	16	1.19	15
ARKANSAS	2,349	14	2,950	15	1.26	13
COLORADO	3,175	11	3,776	12	1.19	14
FLORIDA	10,976	2	17,850	6	1.63	12
INDIANA	5,498	7	11,500	9	2.09	7
IOWA	2,910	12	20,200	4	6.94	1
MASSACHUSETTS	5,798	5	27,300	3	4.71	3
MICHIGAN	9,075	4	42,383	2	4.67	11
MINNESOTA	4,162	9	12,906	7	3.10	6
MISSOURI	5,008	8	3,086	14	0.62	16
NEBRASKA	1,606	15	3,250	13	2.02	8
NEW MEXICO	1,424	16	7,249	11	5.09	2
OHIO	10,752	3	18,595	5	1.73	10
OKLAHOMA	3,298	10	11,550	8	3.50	5
PENNSYLVANIA	11,901	1	52,750	1	4.43	4
VIRGINIA	5,636	6	11,000	10	1.95	9

Kansas' population figures place it 13th in the rankings of the 16 states.

The FY 1988 EXPENDITURES in Table 2 show that the state with the largest population, Pennsylvania, also had the largest expenditure for innovative and high technology programs.

New Mexico, with a million fewer people than Kansas, is spending nearly \$7.25 million in FY 1988. This is 2.5 times greater than the amount Kansas will spend in FY 1988. The average expenditure for the surveyed states is \$14.8 million.

The PER CAPITA column in Table 2 is interesting, but it can mislead the



**Economic Development Commission**

2015 Lakin • Great Bend, KS 67530 • (316) 792-1375

TESTIMONY

TO: Members of the House Economic Development Commission

FROM: Leroy Lyon, Executive Director

DATE: February 24, 1988

Chairman Kline and members of the Committee and staff:

I'm Leroy Lyon, Executive Director of the Mid-Kansas Economic Development Commission. Our organization serves Barton County and our major focus is an effort to create and retain jobs for our citizens.

It is precisely our concern for the economy of Barton County and the entire State of Kansas that I appear before you today. Like it or not, the fact is that we are having an economic crisis in Kansas. In the past 10 years, all but three of the 105 counties in the state have suffered real losses in retail sales. By real I mean figures adjusted to eliminate inflation. In 102 counties, business would have to increase anywhere from 1 to 187 percent just to return to 1976 levels. In more than one-fourth of the counties, business would have to at least double just to return to where they were 10 years ago.

It is because of the widespread and continued severity of our economic problems, that House Bill 2908 needs thorough evaluation. These problems will not go away just because we ignore them. We as community leaders and legislators must take bold, decisive actions which will maximize the use of dollars spent by governments to stimulate our economy and to insure our future.

While we are working hard to further diversify our economy and to do those things on a local level which must be done to make our community more attractive to new and expanding businesses, we must have help from the state. And quite frankly, House Bill 2908 really concerns us.

A lot of local economic development, chamber of commerce, and other community organizations became involved in both supporting new economic development initiatives during the 1986 Legislative sessions and in the efforts to secure voter approval of several constitutional amendments in the fall of 1986. The good people of this state sent all of us a clear message.

*Barton County Speaks For Itself!*

*House Eco Devo  
Attachment 18  
2/24/88*

It said: "We want new economic development programs which will create and retain jobs. We want some new programs and we're willing to pay for them through a state lottery and pari-mutuel racing."

These good people were told that the 1986 Legislature had adopted a formula which said "From and after July 1, 1989, an amount equal of 90 percent of Gaming Fund revenues were to be used for economic development initiatives." They should have known, as should I, that what the Legislature gives it can take away. And H.B. 2908 is that "take it away" bill.

What is overlooked by this proposed bill is that the voters of this state did not say: "We want the 10% allocated for prisons to be increased to 20%." They said: "We want jobs for our children and grandchildren."

The Mid-Kansas Economic Development Commission will not quietly sit on the sidelines while H.B. 2908 has the 20% provision for the juvenile detention facilities fund or for the correctional institutions building fund. The voters were told 10% of Gaming Fund revenues were to be used for prisons and our Commission expects you Legislators to keep faith with the voters of Kansas. We want you to stick with the original plan to eventually apportion 90 percent of these revenues for economic development programs.

We further oppose the targeting of 20% of Gaming Fund revenues for natural resource development as specified in Section four of this bill. Again, the voters of Kansas were not told of plans for funding natural resources prior to the 1986 elections. "Where, I ask, were the natural resource proponents in the 1986 and 1987 sessions?" The truth is that a lot of people don't get excited about their cause until there is a pot of money. Then they become innovative in attempts to get their hands of those bucks. Our question is: "Once you let the wolf in the door, how many chickens will be left?" will there be any dollars left to help stimulate business investment with all important new fulltime permanent jobs? That is the question.

We are not saying that some worthy natural resource development projects are not economic development. Certainly a new lake can stimulate both the local and state economy. Further, the state's citizens deserve an improved quality of life and many of these natural resources projects will improve our quality of life.

But, while we too want to improve the quality of life for Kansas citizens, including the provision of outdoor recreational facilities, we also recognize that nothing but gainful employment will improve the quality of life for many Kansans who are or have been unemployed or whose families have been hard-hit financially because of unemployment during this period of economic crisis. To them jobs are the top priority.

We are not saying that the natural resource projects proposed in the state FY 1989 are not economic development. But remember, there are only a limited amount of dollars. There will never be enough monies in the Gaming Fund to adequately address all the economic development needs of the state.

Because our organization does recognize that some natural resource development projects will ultimately stimulate our economy and strengthen existing jobs and create new employment we seek a compromise on this issue.

We support the view that many natural resource projects are actually infrastructure improvement. Thus funding for these projects could occur without spelling out in legislation a 20 percent set-aside for natural resource projects.

This compromise might not be acceptable to all parties unless an advisory task force was formed to help draft criteria which would be acceptable to all involved parties and which would be used to select infrastructure projects on a competitive basis. Such a task force now exists for the Small Cities Community Development Block Grant (CDBG) program. And it does work! Some important details on how this task force will be constructed and who it answers to will have to be worked out. But we're ready to assist if asked for we're confident it can be done.

By accepting a compromise position, we can avoid establishing a precedent of the legislature altering the 90% allocation of Gaming Fund revenues to economic development. Further, a workable mechanism would be established to establish funding criteria for infrastructure projects.

But this compromise we suggest is the only way we'll support H.B. 2908. We cannot and will not support the bill as it is presently drafted. 90% of the Gaming Fund revenues must remain for economic development while some flexibility can be provided to determine administratively what projects will be funded from the economic development infrastructure fund.

In examining the economic development programs of other states, Kansas Inc. found instances of both shrewd and thoughtless investment. The shrewd investments are those which provide lasting benefits, rather than giveaways to obtain temporary successes. Two of the most lasting benefits were found to be derived from investment in infrastructure and employee training.

In summary we urge you to either reject H.B. 2908 as it is now drafted or to rewrite it as we've recommended. Those of us who have worked hard to secure economic development program funding by the state will not stand by now and let these dollars be spent on projects which will not directly and immediately create some all-important new, fulltime, permanent jobs.

Jobs must be the number one priority.

Thanks for your kind attention.

TESTIMONY OPPOSING HOUSE BILL 2908

Roger Kroh, Director  
Lenexa Economic Development Council

Mr. Chairman and Members of the Committee:

When the lottery was voted upon it was held out to the voters that the funds would be used after 1988 for prisons and primarily for economic development. Subsequently, we have had a number of interests conveniently drawing linkages to economic development that weren't under consideration before.

Consequently, I would ask that you vote against this bill primarily for three reasons.

First, and very simply, earmarking 20 percent of gaming revenues for natural resources is not what the voters were told when voting on the lottery.

Second, approval of the proposal would send a signal to other interests with some very soft and questionable linkages to economic development that the lottery is a good new source of revenues. You would then be inundated with other requests to earmark a percent of gaming revenues for their causes. So, if we approve the natural resources proposal it will be more and more difficult to deny similar proposals from other groups.

Third, each time we approve a deviation from our economic development program that you devoted several years creating, we water down its positive impacts. We need to hold firmly to our economic development plan if we are to maximize our efforts to develop a strong economy in Kansas.

To me it seems that natural resource projects and programs should compete for funding from the same revenue sources that they have in the past. The only caveat to this is if natural resource projects truly have some direct economic development benefits in terms of bringing in new companies or expanding existing ones, then these natural resource projects should be measured against other economic development projects and funded from the economic development budget. I just don't believe that natural resource projects funded from outside the economic development budget will in the long haul enhance the building of a strong economy as would projects competing within the state's economic development budget and plan.

With that I will close and again urge you to vote against this bill.

*House Eco Devo  
Attachment 19  
2/24/88*



February 24, 1988

TESTIMONY

PRESENTED TO: House Economic Development Committee

BY: Larry E. Danielson  
President  
Kansas Industrial Developers Association

RE: H.B. 2908

Chairman Kline, Members of the Committee, I am here today on behalf of the Kansas Industrial Developers Association; the organization that represents over 150 professional economic developers, whose job is to bring new and expanding industry to communities throughout our state.

To say we are concerned with the direction our state's economic development policy is moving, as evidenced by H.B. 2908, is an understatement. We are extremely upset and appalled at the backward steps that are being proposed here today.

It's hard to believe what a difference two years can make. In the 1986 legislative session, members of your legislative body were calling for bold, new approaches, long-term commitments and eliminating the quick fix approach to economic development in Kansas. The result, implementation of many of the recommendations in the "Redwood Report". Not by narrow margins, but with overwhelming support of both parties in the legislature.

The remaining hurdle was financing -- we passed a

constitutional referendum for a vote on lottery and perhaps the biggest key was what we all called the "trailer" bill -- 90% of the money would go to economic development to fund these new programs.

As a person who has chosen the field of economic development for my career, I know nothing is constant in life but change. Over the past two years we've seen a lot of change. We've seen Missouri and Nebraska take "bold steps" to improve their business climates. Likewise in Oklahoma -- which, by the way, has beat out my hometown, Wichita, on two major projects that would have meant nearly 1,000 new jobs for Kansas. We have to face this competition; getting beat by a competitor is one thing -- getting beat up by our own legislature for economic development funding is another.

I can appreciate the motives to emphasize improved natural resource development in Kansas. But I'm a little confused and perhaps you can help me understand -- The Governor's proposed budget calls for 25% of the money allocated in the economic development initiatives fund to go, next year, to natural resource development. If natural resource development can get sloughed off to "economic development" this year, why then does the formula need to be modified? Perhaps there is recognition that natural resource development doesn't quite fit in the economic development initiatives fund.

Frankly, I don't want to have to appear before this body annually to defend a vision that was brought to the front in 1986. This year it's 60% Economic Development, 20% Prisons, 20% Natural Resources. Next year, will it be 40% Economic Development, 20% Prisons, 20% Natural Resources, 5% here, 10% there, 3% over yonder, and 2% for something else?

You are on the threshold of opening Pandora's box. We know how many special interests exist out there. I would

like to feel that Economic Development isn't a narrow, special interest, but a key interest for all Kansans.

I urge you, on behalf of the Kansas Industrial Developers Association, to reject H.B. 2908. Keep it Pure at 90 - 10. The future of economic development in Kansas depends on it.





**OVERLAND PARK CHAMBER OF COMMERCE**

9300 METCALF • BOX 12125 • OVERLAND PARK, KANSAS 66212 • AREA CODE (913) 649-7205

FEBRUARY 24, 1988

ECONOMIC DEVELOPMENT COMMITTEE  
HOUSE OF REPRESENTATIVES

PREPARED TESTIMONY

RE: HB 2908

MY NAME IS MARY BIRCH. I AM EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER OF THE OVERLAND PARK CHAMBER OF COMMERCE. I AM HERE TODAY ON BEHALF OF THE 1,000 BUSINESS MEMBERS OF THAT ORGANIZATION AS WELL AS A BOARD MEMBER OF THE KANSAS INDUSTRIAL DEVELOPERS ASSOCIATION AND THE KANSAS CHAMBER OF COMMERCE AND INDUSTRY.

WE WOULD LIKE TO EXPRESS ADAMANT OPPOSITION TO HB 2908 AND URGE YOUR CONCURRENCE.

AS WITH OTHER GROUPS BEFORE YOU TODAY, WE BELIEVE THAT THE LEGISLATION PASSED BEFORE WHICH EVENTUALLY APPORTIONS 90% OF THE LOTTERY PROCEEDS TO ECONOMIC DEVELOPMENT TO BE VITAL TO THE FUTURE OF THIS STATE. WE DO NOT DENY THE NEED FOR EFFORTS IN WATER CONSERVATION, BUT THOSE PROGRAMS SHOULD NOT STAND SEPARATE AND ALONE FROM OTHER ECONOMIC DEVELOPMENT PROGRAMS. THEY SHOULD COMPETE ON A NEEDS BASIS AND BE PRIORITIZED AS WELL.

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MOST IMPORTANTLY, TODAY I WANT TO HIGHLIGHT THE FOLLOWING:

1. THOSE OF US IN THIS ROOM WHO WORKED FOR PASSAGE OF THE LOTTERY AND THE PRESENT ALLOCATION FORMULA DID NOT DO SO LIGHTLY. WE HAVE BEEN IN THOSE ECONOMIC DEVELOPMENT TRENCHES FOR TOO MANY YEARS WITHOUT TOOLS AND STATE SUPPORT.
2. THE NEED FOR A FULL SCALED ECONOMIC DEVELOPMENT EFFORT ON THE PART OF THIS STATE HAS NOT CHANGED OVER THE PAST TWO YEARS. IF ANYTHING, IT IS GREATER. COMPETITION WILL NOT GO AWAY.
3. THE BUSINESS COMMUNITY SUPPORTED THE PASSAGE OF THE LOTTERY AMENDMENT UNDER THE BELIEF THAT THE STATE OF KANSAS WOULD BE MAKING AN UNPRECEDENTED AND PROGRESSIVE COMMITMENT TO ECONOMIC DEVELOPMENT WITH THOSE DOLLARS.

THEREFORE, WE URGE YOU TO OPPOSE ANY CHANGE IN THE CURRENT ALLOCATION ALTHOUGH THE TEMPTATION MAY BE GREAT AS OTHER NEEDS AND INTERESTS SURFACE.

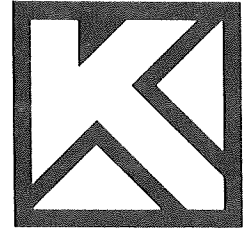
TWO YEARS AGO THIS COMMITTEE WAS ESTABLISHED AND THE ECONOMIC DEVELOPMENT INITIATIVES FLEW THROUGH THE PROCESS ON A TIDE OF "PRO GROWTH CHANGE YOUR OWN DESTINY" SPIRIT. WE HAVE YET TO APPLY THESE PROGRAMS.

ECONOMIC DEVELOPMENT TAKES COMMITMENT AND TIME. PLEASE GIVE THE SYSTEM A CHANCE TO WORK.

# LEGISLATIVE TESTIMONY

## Kansas Chamber of Commerce and Industry

500 First National Tower One Townsite Plaza Topeka, KS 66603-3460 (913) 357-6321



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

HB 2908

February 24, 1988

### KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony Before the

House Economic Development Committee

by

Jim Edwards  
Director, Chamber & Association Relations  
Kansas Chamber of Commerce & Industry

Mr. Chairman, members of the committee, I appreciate the opportunity to present KCCI's position on HB 2908, a bill which would amend the current formula for distribution of state gaming revenue funds.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 3,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 55% of KCCI's members having less than 25 employees, and 86% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

Before I address HB 2908, I would ask you to join with me in reflecting on the actions of the 1986 Legislature when it addressed the package of economic development

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bills as well as means by which the programs could be funded. The interest was intense at the time because Kansas was experiencing great difficulties in its three major industries...manufacturing, agriculture, and petroleum. To address these difficulties, and to attempt to brighten the state's economic future, the legislature and the governor successfully shepherded a package of bold, new economic development initiatives through and at the same time sought the help of citizens of Kansas in passing constitutional issues which would permit a state lottery and parimutuel wagering and raise the funds needed to finance job creation in Kansas. To provide the needed allocation for these dollars, the legislature established the state gaming revenue fund and decided 60% of the revenues would go to economic development programs, 30% would be rebated back to counties to assist with reappraisal costs and the remaining 10% would be dedicated to a state prison building fund. In 1989, the split would change to a 90% economic development initiatives and 10% prison building fund.

Unfortunately, the state of our economy hasn't changed much since then nor has the need for a financial commitment by the state to allow Kansas to not only compete to attract new business and industry but also keep what we now have. We must continue our efforts and we must fund those efforts.

With this in mind, KCCI seriously questions the effect HB 2908 would have on state and local economic development efforts. KCCI believes the existing formula allows for natural resource projects that can be directly related to job creation in Kansas and that they should be reviewed as all other infrastructure improvements. Setting aside a specific portion of the generated funds is a true double-edge sword. There will be years that more money may be needed for natural resource projects and years when less is needed. Likewise, there will be those years when all other infrastructure improvement projects will demand more or less attention.

Because of this, KCCI opposes HB 2908. We believe that since the mechanism already allows for funding of infrastructure improvements and natural resource projects are included, the passage of HB 2908 would only create problems for all types of

infrastructure improvements. Future funding would be determined by allotment percentages rather than the most important factor -- job creation.

Mr. Chairman and members of the committee, job creation was the focal point of the 1986 Kansas Legislature. Likewise, job creation should be the focal point when deciding this issue.

Thank you and I will stand for questions.

Public Testimony on HB 2908

February 24, 1988

Gary Toebben, President

Lawrence Chamber of Commerce

I am here today in opposition to HB 2908.

Our opposition is not based on a lack of support for the State Water Plan. Neither is it based on an insensitivity to the growing need for prison facilities.

Our opposition to HB 2908 is based on our overriding commitment to funding the economic development initiatives adopted by this body two years ago.

In 1986, adopting the recommendations of the Redwood/Krider report was the highest priority of this legislature. Funding those recommendations is an even higher priority today.

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The state budget balance may look better today than it did two years ago, but the economy of the State of Kansas is still hurting. Our communities are fighting for survival and our residents search anxiously for new jobs to avert a move out of state.

Yes, we've created new economic development organizations and we've restructured some old ones. But we have not really funded those organizations or the other bold new initiatives you spearheaded in 1986. Funding was to happen this legislative session from the proceeds of the state lottery. And now that we're just about ready to start, there is a move to change direction and give other programs a higher priority than economic development.

When we presented lottery and paramutual wagering to the voters for their approval in 1986, Gaming revenues were intended to fund economic development and create new jobs for Kansans. Now it appears that the lottery and paramutual wagering could become just another way to balance the state budget.

I urge your opposition to HB 2908.

9-23-2  
2/24/88

**Greater Topeka  
Chamber of Commerce**  
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Testimony before the  
House of Representatives  
Economic Development Committee  
February 24, 1988

Chairman Kline, and members of the committee, I am Christy Young, Vice President of Government Affairs for the Greater Topeka Chamber of Commerce. I would first like to commend you, and other members of the legislature, on your diligent efforts to enhance the image and stance of Kansas in the highly charged competitive field of economic development. The "bottom line" you, the governor, and chambers of commerce, across the state, are trying to reach, is an increase in the number of quality jobs and the wealth of Kansans.

In 1986, you and your colleagues set aside revenues from the gaming funds for economic development, correctional institutions, and temporarily, for the cost of reappraisal. That was a wise decision. In less than six months, we have seen those revenues grow as Kansans enjoy the lottery.

Economic development is not an exact science. Location, availability of raw materials, good transportation, a trained work force, an equitable taxing situation, quality natural resources, a positive attitude and quality of life are some of the joints which link successful economic development efforts together.

We will agree that natural resources can suffer from a lack of stable long-term funding. However this argument can be made for roads and highways, research grants, training, and risk capital pools. We can see the benefit of highlighting, before this committee, the need for quality natural resources to enhance the growth of tourism in Kansas. However, we must oppose efforts to splinter new economic development funding sources into slivers. Those advocating natural resource projects must be able to make a case for increased tourism, vis a vis economic growth, before the Department of Commerce, just as communities will also do, in making their case for infrastructure assistance. The Department of Commerce, with the direction of Kansas, Inc., will continue to judge projects worth with a eye toward job creation, facilities development and the growth of Kansan's wealth. Natural resource proponents can compete, and will be able to contribute to the growth of Kansas tourism and quality of life, in the economic development arena.

The Topeka Chamber urges you to resist efforts to change the allocation formula as set by statute in 1986. The Topeka Chamber of Commerce opposes HB 2908.

*House Eco Devo  
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February 24, 1988

Testimony on H.B. 2908  
House Committee on Economic Development

Mr. Chairman, members of the committee...

I'm Bernie Koch with the Wichita Area Chamber of Commerce. Thank you for the opportunity to comment on House Bill 2908.

We oppose this bill, but that does not mean we oppose water and other natural resource projects, nor does it mean we oppose spending on corrections. We simply believe our first priority when considering uses for state gaming revenues should be economic development. It's true that natural resource projects may be considered economic development. Why not let those projects compete for economic development funds side by side with other proposals?

As I drove to the Statehouse this morning, I passed the State Human Resources building at 15th and Topeka. Five men were waiting outside the building in the cold, men I assume were there because they were looking for work. The Division of Employment is located there.

Then I thought about the homeless shelters I've seen in Wichita, and the families I've seen in them because the parents either couldn't find work or aren't making enough to pay the rent.

There are people out there who want and need jobs. Some of them need training. It takes money for training and it takes an investment to attract jobs to the state. Those people should be our first priority. We can treat the symptoms of unemployment and homelessness, but we won't begin to attack the root cause until we attack our economic problems.

I urge you to make a full commitment to job creation in Kansas by holding out for more resources for our economic development efforts.

Thank you.

*House Eco Dev  
Attachment 25  
2/24/88*