

Approved February 16, 1989  
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Elizabeth Baker at  
Chairperson

3:36 ~~xxx~~/p.m. on Wednesday, February 8, 1989 in room 423-S of the Capitol.

All members were present except: Representatives Shumway, Weimer and Dean. Excused.

Committee staff present:

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

Conferees appearing before the committee:

Dr. Anthony Redwood, Executive Director, Institute for Public Policy and Business Research, University of Kansas

The meeting was called to order by Chairman Baker at 3:36 p.m.

The minutes of the January 31, February 1 and February 2, 1989 meetings were approved.

Dr. Anthony Redwood, Executive Director of the Institute for Public Policy and Business Research at the University of Kansas was recognized.

Dr. Redwood spoke to the committee about the IPPBR recommendations for the Economic Development Initiatives Fund. (Attachment I).

Dr. Redwood responded to questions from the committee.

The committee discussed the Economic Development Initiatives Fund.

Representative Chronister moved that the committee recommend that the Natural Resources Fund be at 20% of the Economic Development Initiatives Fund and no higher for water projects that appear in the state water plan. Representative Helgerson seconded. Motion failed.

Representative Chronister moved to conceptually introduce a bill on the Trade Fair Assistance program. Representative Helgerson seconded. Motion carried.

Meeting adjourned at 4:35 p.m.

*Elizabeth Baker*

e: 2/8/89

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Melanie Starnes

KDOA

Topeka

Tony Redwood

KW

Lawrence

May Ellen Cude

Ks. Assoc. for Small Business

Wichita

Don Gage

" " " " "

"

Ann Patterson

KDOC

Topeka

Tom Dray

Life at its Best

Topeka

Charles Wilson

Ks Inc.

Topeka

Bernie Koch

Wichita Chamber

Wichita

Don Dragg

KDOC

Topeka

J. Frost

City Topeka

→

Maureen

Rep Sader's org.

Topeka, KS

Louanna Honeycutt

Sedgwick County

# The University of Kansas

Institute for Public Policy  
and Business Research

Anthony L. Redwood,  
Executive Director

February 8, 1989

Representative Elizabeth Baker, Chair  
House Economic Development Committee  
State Capitol  
Topeka

Dear Elizabeth:

In response to numerous inquiries, the purpose of this letter is to convey to you our perceptions of how the EDIF funds for economic development might be best allocated across competing needs. In doing so we have sought to retain the basic pattern that was established by the Legislature for FY 89 and the integrity of the Governor's budget proposal for FY 90.

The attached table contains four columns of numbers. The first column is the legislative appropriation for FY 89. The second column is the Governor's budget proposal for the expenditure of these funds in FY 90.

The third column contains our suggested allocation if the legislature chooses to continue to fund water projects from the EDIF and allocates 20 percent of the fund to that purpose. As you know, we are adamantly opposed to the use of the EDIF for this purpose, on the grounds that there are more pressing economic development needs to be funded from this sole source of funds for economic development. Given this scenario, we support additional funding for KTEC programs, where the need and potential benefit is great, and reduced funding for the Infrastructure Loan Program, relative to the budget proposal.

The fourth column contains our suggested allocation of EDIF if the legislature chooses not to spend 20% of the Fund (\$3,098,000) on water projects. The distribution of that amount to other programs is suggested as follows:

		<u>Increase of</u>
Kansas Industrial Training	\$1,750,000	\$ 525,000
Infrastructure Loan Program	3,000,000	1,000,000
Export Finance Guarantee Fund	800,000	800,000
Small Business Loan Guarantee Fund	773,000	773,000
		<u>\$3,098,000</u>

It is our contention that the economic development of Kansas will be better enhanced by spending the very limited resources on these purposes rather than for water projects.

Sincerely,

*Tony*  
Anthony L. Redwood  
Professor of Business  
Executive Director

*House Eco Dev Committee*

cc: Senator Dave Kerr, Chair, Senate Economic Development Committee  
607 Blake Hall • Lawrence, Kansas 66045-2960 • (913) 864-3701

*Attachment 1*  
*2/8/79*

**Testimony - Dr. Anthony Redwood, IPPBR, KU, 2/8/89**  
**Recommendations for Allocation of Economic Development Initiatives Fund**

		FY 1990		
		Governor's Budget	Suggested Allocation with Nat. Resources 20% of Fund	Suggested Allocation w/o Nat Resources
<b>ANTICIPATED REVENUES</b>	<b>\$15,120,000</b>			
Carry Forward Balance	1,360,000			
Lapse AMTRAK Study	25,000			
Total Available Resources	<u>\$16,505,300</u>			
<b>APPROPRIATIONS</b>				
<b>NATURAL RESOURCE PROJECTS</b>				
Cedar Bluff Reservoir	365,418			
Hillsdale Reservoir	700,000			
Salt Water Contamination Clean-Up	1,250,000			
Wetlands	27,094			
Galena Clean-Up	500,000			
Calena Water Supply	<u>100,000</u>			
Subtotal Natural Resources	<u>\$ 2,942,512</u>	\$4,251,254	\$3,098,000	0
<b>KTEC</b>				
Research Matching Grants	\$ 1,250,000	1,250,000	1,250,000	\$1,250,000
Business Innovative Research Grants	300,000	300,000	175,000	175,000
Training Equipment Grants	250,000	250,000	250,000	250,000
Research Equipment Grants	700,000	700,000	1,000,000	
Centers of Excellence	1,200,000	1,375,000	2,600,000	2,600,000
Industrial Liaison Program	150,000	150,000	975,000	975,000
Seed Capital	1,000,000	1,000,000	1,000,000	1,000,000
Special Projects	300,000	125,000	200,000	200,000
Operations	<u>368,809</u>	<u>276,778</u>	<u>335,000</u>	<u>335,000</u>
Subtotal KTEC	<u>\$ 5,518,809</u>	<u>\$5,426,778</u>	<u>\$7,785,000</u>	<u>\$7,785,000</u>
<b>COMMERCE</b>				
Small Business Development Centers	\$ 100,000	\$ 100,000	\$ 175,000	\$ 175,000
Certified Development Companies	100,000	100,000	100,000	100,000
Trade Fair Assistance	0		100,000	100,000
Kansas Industrial Training	1,200,000	1,425,000	1,225,000	1,750,000
Film Commission	69,082	78,863	79,000	79,000
Computerization	93,245			
Infrastructure Loan Program	4,500,000	3,500,000	2,000,000	3,000,000
Main Street Program Expansion	75,000	75,000	0	0
Education Awards Pilot	50,000			
Tourism	<u>185,000</u>	<u>185,000</u>	<u>300,000</u>	<u>300,000</u>
Subtotal Commerce	<u>\$ 6,372,327</u>	<u>\$5,463,863</u>	<u>\$3,979,000</u>	<u>\$5,504,000</u>
<b>AGRICULTURE</b>				
Arkansas River Study	\$ 25,000			
Marketing Program Expansion	<u>178,696</u>	180,000	180,000	180,000
Subtotal Agriculture	<u>\$ 203,696</u>			
<b>PUBLIC BROADCASTING</b>				
KOOD Television - Lakin	\$ 300,000			
<b>KANSAS INC.</b>				
RACING COMMISSION OPERATIONS	280,000			
ARTS	450,000	\$ 100,000	\$ 450,000	\$ 450,000
EXPORT FINANCE GUARANTEE FUND				800,000
SMALL BUSINESS LOAN GUARANTEE FUND				<u>773,000</u>
<b>TOTAL EDIF EXPENDITURES</b>	<b>\$16,642,344</b>	<b>15,491,891</b>	<b>15,492,000</b>	<b>15,492,000</b>
<b>EDIF YEAR-END BALANCE</b>	<b>(\$137,044)</b>			

a-1-2  
2/8/79