

Approved _____

Date

3-28-89

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Senator Dave Kerr at _____
Chairperson

8:00 a.m./p.m. on March 22, 1989 in room 123-S of the Capitol.

~~All~~ members ~~were~~ present ~~except~~: Senators Kerr, Feleciano, Francisco, McClure
Moran, Salisbury and Winter

Committee staff present:

Bill Edds, Revisor of Statutes' Office
Lynne Holt, Kans Leg Research Dept
Carol de la Torre, Secretary to the Committee

Conferees appearing before the committee:

Charles Warren, President, Kansas Inc.

The meeting was called to order by Senator Dave Kerr, Chairman.

Lynne Holt, Legislative Research, presented to the Committee an overview of House Bill 2485, trade fair assistance. Each member was also given copies of letters from various companies supporting the bill (Attachment 1).

Charles Warren, President, Kansas Inc. presented written testimony to the Committee (Attachment 2). He stated one of the greatest accomplishments in this session will be moving Kansas into the forefront of states playing a major, innovative role in international trade and exports. He also pointed out that the Kansas Inc. Board of Directors recommended strongly that the Legislature establish both an export financing program and trade fair assistance program. Senator Francisco questioned the dollar amount in the bill (\$3,500 per event; \$7,000 per year per company) for eligible expenses. Mr. Warren felt that amount would be useful for smaller companies and was appropriate. He stated another good feature of the bill was the requirement for an annual report. Senator Kerr asked Mr. Warren what his opinion was regarding distributorship types of activities as described in lines 68 and 101. Mr. Warren felt the thrust of the bill supported the value added processing, and that's where our emphasis should be.

Senator Francisco asked about the Governor's recommendation for funding of this bill. The Chairman stated that this bill would be ideal for EDIF money. He felt that if we want to fund this, there would be EDIF money available. The suggested level is \$100,000 for the first year.

Senator Francisco moved that the words "packaged and sold or" be removed from lines 68 and 101 in the bill. Seconded by Senator Salisbury. Motion carried, language is removed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 123-S Statehouse, at 8:00 a.m./~~p.m.~~/ on March 22, 1989

Senator Feleciano stated that perhaps the July 1, 1989 date needs to be changed to take advantage of two trade fairs coming up this summer. Senator Feleciano moved that the bill be amended to take effect upon publication in the Kansas register and be recommended favorably for passage.

Senator McClure felt there was a need to clean-up some of the language of the bill. There was a substitute motion by Senator McClure, seconded by Senator Feleciano to clean up the language of the bill. Motion carried, changes adopted.

Senator Feleciano moved to amend the bill to make the act effective upon the publication of the Kansas Register and also moved to recommend the bill favorably as amended. Motion carried, bill amended.

There being no further business the meeting was adjourned.

OSWALT

*Livestock
Products*

*DIVISION OF HEYCO, INC
Post Office Box 1038
2005 North Taylor, N. Hwy. 83
Garden City, KS 67846 (316) 275 6101.
Fax # (316) 275 3865*

March 10, 1989

Senator David Kerr
Chairperson
Senate Economic Development Committee
State Capitol Building
Topeka, KS 66612

Dear Senator Kerr;

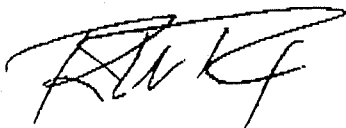
I have read the ammended version of the proposed House Bill No. 2485, The Trade Fair Assistance Program. This bill would have a very positive impact on Oswalt Livestock Products and Heyco, Inc. and I would ask that you give this measure your support.

We have been placing a lot of effort towards establishing customers and sales agents in several foreign countrles. We have had some success but in most cases the potential users of our products are not aware of the benefits that our products offer. Only in displaying our products directly to them can we get our message across and that is for the most part a very expensive process.

We feel that the Kansas Trade Fair Assistance Program will offer very valuable assistance, not only for ourselves but other Kansas Manufactures in their efforts towards establishing export markets for Kansas built products. As you know the foreign fairs and trade shows are one of the most cost effective ways of reaching the maximum number of potential customers.

Once again I encourage you to give your support to this billLets get the show on the road and give our Small Kansas Manufacturers their chance to compete in today's world export markets.

Sincerely,



Robert W Peat
Executive Vice President
Heyco, Inc.

c. Governor Mike Hayden

Feeding Products for the Livestock Industry

*Sen Peat - Heyco
3-22-89
Attachment 1*



AIRPARTS

INTERNATIONAL, LTD.

5801 WEST HAR
P.O. BOX 12370
WICHITA, KANSAS 67277

316 / 943-2377
TELEX 417353 AIRPARCO WIC
293504 ARPTS UR

Senator David Kerr
Chairman,
Senate Economic Development
Committee
State Capitol Building
Topeka, KS
66611

March 10, 1989

Ref: US 0069/89

Dear Senator Kerr:

I was glad to receive a copy of the ammended version of House Bill 2485.

We at Airparts feel that this bill will have a very favorable impact on small businesses who are doing their best to promote their products internationally.

The inevitable ammalgamation of Free Europe is only a couple of years away and it's evident that we're facing the beginning of global economic strategies.

If we want to survive and grow in the coming business scenario we must aggresively show our products, our ability and our worth. To do so we require tools, promotion and exposure are the most relevant.

Measures such as this bill that the House has sponsored are a step in the right direction. The management and employees of Airparts support it and appreciate your help on this subject.

Most sincerely,

H. George Maxwell
Vice President
of Marketing

HGM/cm



1711 Longfellow Lane
Wichita, Kansas 67207
316-686-7361 Telex 417 357
FAX 318-686-6746

GREAT PLAINS INDUSTRIES, INC.

March 13, 1989

Senator David Kerr
Chairman, Senate Economic Development Committee
State Capitol Building
Topeka, Kansas, 66612

Mr. Chairman,

I have received and reviewed House Bill No. 2485 as amended by the House Committee on Economic Development and find it to accurately and fairly reflect the views and needs of the International Small Business Community.

As such, I would have nothing further to add at this time and enthusiastically support the bill.

Respectfully submitted,

GREAT PLAINS INDUSTRIES

A handwritten signature in cursive script that reads "Harry Crow".

Harry Crow
Director International Sales

HC:cm

cc: Governor Mike Hayden
Office of the Governor
State Capitol Building
Topeka, Kansas 66612



Express Scale Parts, inc.

20663 W. 68TH STREET • SHAWNEE, KANSAS 66218 • (913) 411-4787

March 15, 1989

Senator David Kerr, Chairman
Senate Economic Development Committee
State Capitol Building
Topeka, Kansas 66612

Dear Senator Kerr:

I have received a copy of House Bill #2485 regarding the Trade Fair Assistance Program. Our firm, Express Scale Parts, Inc., wholly supports this bill. We currently do approximately 40% of our overall business in the export market and do feel that with the value of the United States dollar this percentage should increase in the next few years.

I would like to have seen the bill cover trade shows outside of Kansas in the United States since many of these do attract large numbers of foreign visitors. I regularly attend many trade shows throughout the year, but our firm because of financial resources only displays our equipment at a maximum of two shows per year.

With the passage of this bill we do expect to continue doing our two trade shows per year in the United States and expand to one additional export show.

I personally feel this is a very worthwhile program that the state of Kansas is undertaking, and I have taken advantage of other Kansas trips both to Taiwan and South America over the past several years to expand our export sales. I feel that the Department of Agriculture and the Department of Commerce in the state of Kansas are both doing exceptional jobs to help with the small business concerns.

Sincerely,

A handwritten signature in dark ink, appearing to read "J. Mattson", written over a horizontal line.

James Mattson
President

JN/gx



Governor Mike Hayden, Co-Chairman
Eric Thor Jager, Co-Chairman

Charles R. Warren, President

CAPITOL TOWER, SUITE 113 • 400 S.W. 8TH • TOPEKA, KANSAS 66603-3957 • TELEPHONE (913) 296-1460

House Bill No. 2485

Trade Fair Assistance for Small Businesses

Testimony by

Charles R. Warren
President, Kansas Inc.

Senate Committee on Economic Development

March 22, 1989

*Sen Eco - dev
3-22-89
Attachment 2*

House Bill 2485

Senator Kerr, members of the Committee, I am Charles Warren, President of Kansas Inc. I appreciate this opportunity to testify in support of House Bill No. 2485 that would establish a trade fair assistance program in the Kansas Department of Commerce.

The issue of Business Week dated February 27 carried a cover story titled: "TRADE: Will We Ever Close The Gap?" One of the articles inside proclaims: "The Little Guys are Making It Big Overseas: Midsize companies in export niches could help ease the trade deficit in the long run."

The article notes that: "86,500 companies have occasional foreign sales but would like to make more. Spurred by the cheap dollar, thousand of other companies with no export activity are starting to learn the ropes. Almost all these players have sales of less than \$300 million a year."

The article goes on to say that: "this broad gearing up to export by thousands of smaller companies is just in its early stages and will help keep the growth in U.S. exports strong." The former U.S. trade representative is quoted as saying: "The growth in these smaller companies is where the growth in our country is."

The article also reports on some of the new export initiatives underway in the states of Massachusetts, Minnesota, and Oregon.

I think our greatest accomplishment in this 1989 legislative session for economic development will be in moving Kansas into the forefront of states playing a major, innovative role in international trade and exports. We have already established a strong international trade and development division in the Department of Commerce and have set up trade offices in Europe and Asia. Secretary Harland Priddle and Division Director Harry Salisbury have made the goal of increasing Kansas exports a top priority and are providing effective and energetic leadership. In the Interim Session, the Joint Committee on Economic Development studied international trade intensively. One result was Senate Bill 21 to create a new export financing program.

The Kansas Inc. Board of Directors recommended strongly that the Legislature establish both an export financing program and a trade fair assistance program to provide the International Trade Division additional needed tools to increase foreign exports by small Kansas firms.

The combination of export finance and trade fair assistance will provide the Department of Commerce valuable tools to work with Kansas companies and provide them the type of direct assistance that can really make a difference. Commerce has done a good job in providing trade leads, information and training through seminars, and foreign representation. Senate Bill 21 and House Bill 2485 will enable the Department of Commerce to move beyond advice and representation into proactive support of Kansas exporters and would-be exporters.

Section 6 requires the the Secretary of Commerce submit an annual report with information regarding effectiveness of trade show participation and is an important provision. Such information will be very helpful in the evaluation of this program and will enable the Legislature to judge the program's success and the adequacy of its funding in future years.

I am excited about the new initiatives that both the Senate and House Committees are developing in the area of international trade. I think we now have the opportunity to provide major and significant help to small business in Kansas in moving them into international exports and global markets.

I would be happy to answer any questions. Thank you.