

Approved

April 26, 1991
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Representative Diane Gjerstad at
Chairperson

3:35 ~~am~~/p.m. on Monday, February 18, 1991 in room 423-S of the Capitol.

All members were present except:

Representatives Wagnon and Wisdom. Excused.

Committee staff present:

Lynne Holt, Revisor
Betty Manning, Secretary

Conferees appearing before the committee:

Laura Nicholl, Secretary, Department of Commerce
Carole Morgan, Director Community Development Division
Carol Welker, Director, Existing Industry Development Division
Bill Thompson, Acting Director, Industrial Development Division
Jim Beckley, Director, Trade Development Division
Greg Gilstrap, Director, Travel and Tourism Development Division

Chairperson Gjerstad called the meeting to order at 3:35 p.m.

The Chair welcomed Laura Nicholl, Secretary, Department of Commerce, who presented an overview of the role and future of economic development in Kansas. Secretary Nicholl stated that there was much concern over the proposed merger of Kansas Technology Enterprise Corporation into the Department of Commerce. She assured the committee that Governor Finney's recommendation is that during the next fiscal year a review of KTEC be conducted by the National Association of State Development Agencies to provide an evaluation of the agency. The future of KTEC would be contingent on the review outcome. The Secretary stated it was felt inappropriate to make any changes in KTEC at this time that might cause a lack of commitment to economic development. She lauded Governor Finney for her willingness to listen and take positive action after hearing all sides. She further commented that Kansas is being considered as the recipient of an almost \$12 million National Institute of Science and Technology Selection Committee grant. Governor Finney has indicated her support for this project which would include \$11.9 million in matching funds over a six year period. Secretary Nicholl commented that the administration's commitment to economic development is strong.
Attachment 1.

Secretary Nicholl introduced each division director under her supervision. Attachment 2.

Jim Beckley, Director of Trade Development, stated the main goal of his division is to promote export of Kansas manufactured products. The division is now evaluating products and services to see what is needed and what countries would be receptive for trade opportunities.

Greg Gilstrap, Director of Travel and Tourism Development, stated the mission of his division is to promote Kansas as a travel opportunity. There are four visitor centers in Kansas, a magazine promoting Kansas and a mission to attract film and video production.

Carol Welker, Director of Existing Industry Development Division, stated her division's mission is to promote the growth

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,
room 423-S, Statehouse, at 3:35 ~~xxx~~ p.m. on Monday, February 18, 1991

and retention of businesses in Kansas. Also assists minorities in getting government contracts.

Carol Morgan, Community Development Division, stated her division's purpose is to provide grants and technical assistance to communities to support economic development. Major activities of the division include PRIDE program, Main Street program, and the Enterprise Zone program.

Bill Thompson, Acting Director of the Industrial Development Division, stated their mission is to recruit new industrial facilities to Kansas to create more jobs and capital investment for the state. Programs they are involved with include Kansas Cavalry and KIT program.

Secretary Nicholl and division directors responded to questions from committee members.

Bill Thompson, Industrial Development Division Director, was asked if the extensive mailing program would be continued under the new administration. He advised that it would and that the department does periodic mailings to approximately 250 private industry prospects. When asked about the \$200,000 budget cut and how the money would be spent, he stated that out of the \$200,000, they would be more involved with trade shows during Kansas Cavalry missions and leverage their dollars with Kansas Cavalry involvements. This administration will have less direct mail and more face-to-face contacts with more emphasis placed on the leads developed out of the past couple of years from the direct mail program. Chairperson Gjerstad asked if the face-to-face philosophy wasn't in direct conflict with the Governor's budget recommendation on closing the offices in Japan or downscaling the office in Germany and the office in Chicago? Secretary Nicholl responded that the Japanese office had not been touched; the only office that will be affected is the German office and there would be \$200,000 budget cut from \$250,000. As to the Chicago office, they plan, at the present time, to still go forward with it.

Regarding incorporating the State Board of Agriculture and the Department of Commerce into these foreign offices, Mr. Beckley was questioned as to how they would implement some of the marketing as far as agriculture products are concerned. He responded that he and Mr. Fastrup have been meeting regularly to work out an agreement on the leads developed by both departments so that there would be no duplication of effort or resources in any of the areas. When questioned about scaling back the office in Germany, concern was expressed as to how we were going to cover all the opportunities in both the established and developing areas? Mr. Beckley stated they did not think they have to cover all the opportunities. The department felt that a more scientific and educated approach for specific targets would be more effective.

Mr. Gilstrap, Director of Travel and Tourism, was questioned about the TV ads the state was supposed to have had and had the advertising agency produced all the material that would correspond with money spent, and has the contract been cancelled. The answer was "yes" the ads prepaid in December would begin running from April through about June 1. And, "no", the contract had not been cancelled yet. Mr. Gilstrap stated they are in the process of reevaluating the exclusive

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

room 423-S, Statehouse, at 3:35 ~~a.m.~~ p.m. on Monday, February 18, 1991

contract the state presently has. This administration feels that without competitive bidding, the state has lost a lot of dollars. Mr. Gilstrap further stated the agency under contract at the present time is about \$120,000 short of completion of their contract. When asked if the company referred to was Lane Marketing of Wichita, Mr. Gilstrap responded "yes". When asked if Mr. Gilstrap was saying that Lane Marketing had not lived up to their contract, Mr. Gilstrap said that it was possible to say they lived up in the past administration but not under the philosophy that this administration will take which will be accountability. Secretary Nicholl stated that it bothered her to see the lack of accountability that the department has experienced with Lane Marketing. When asked whether Lane Marketing had requested to sit down and go through this, the response was "yes" originally, but the department had legal concerns and a memo should be going out this week to Lane Marketing.

The meeting was adjourned at 4:40 p.m.

Feb 18, 1991

GUEST REGISTER

1 of 2

HOUSE

Committee on Economic Development

<u>NAME</u>	<u>ORGANIZATION</u>	<u>ADDRESS</u>
Michael Wilks	Lane Marketing Group	Wichita
Miguel Lister	John Peterson & Associates	Topoka
Jerry Denker	Ks. Bd. of Ag.	Topoka
Ivan Barber	Travel Industry Assn.	Topoka
Jamie Rutherford	KTEC	Topoka
Cindy Niehl	"	"
Homer Bair	SCKEDD	Wichita
Scott Kessel	Kansas Inc.	Topoka
Walt Daniels	Ks Division of Budget	Topoka
Laura Lane	Student - KU	Lawrence
Jerry Rida	Ka. Dept. of Commerce	Top.
Gregg Blair	KDOC	Top
J. Beckley	KDOC	Shawnee
May Neubauer	AP	Topoka
Bill Thompson	KDOC	Topoka
CARA WALKER	KDOC	TOPOKA
ROD LORANT	KCCI	"
Nile Stueds	Harris News	"



KANSAS

DEPARTMENT OF COMMERCE

Joan Finney
Governor

Laura Nicholl
Secretary

2/18/91

Excerpt of Statement to House Economic Development Committee
Secretary of Commerce Laura E. Nicholl
3:30 p.m.

Chairman Gjerstad and members of the Committee:

Thank you for the opportunity to appear before you today to discuss the role and future of Economic Development in Kansas.

First, however, I have something to report to the Committee that gives me a great deal of pleasure and I believe will give you an indication that the Finney administration will listen to the Legislature and respond in a positive fashion.

On Friday I met with Governor Finney and expressed the concern that many of you have also expressed regarding the future of KTEC. The Governor's recommendation is that during the next fiscal year a review of KTEC be made by NASDA (the National Association of State Development Agencies), thus providing a totally objective review and evaluation of the agency. Its future would be contingent upon the outcome of such an independent review. I have discussed this proposal with the Chairman and President of KTEC, and they have enthusiastically agreed to this course of action.

KTEC, in many ways, represents the essence of Kansas' commitment to economic innovation, and I believe it would be inappropriate at this time to make any changes that cause concern or indicate in any way a lack of commitment to economic growth and development in our state.

I want to especially thank those of you who offered healthy, constructive suggestions in an obvious attempt to demonstrate true concern and commitment to this agency and its mission. I also want to thank Governor Finney for her willingness to listen and take positive action after hearing all sides of an issue.

As a member of the KTEC Board of Directors, I look forward to working with the Governor, members of the Legislature and my fellow directors to see that KTEC makes an even more significant impact on Kansas economic growth in the future.

Just one indication of the importance of this decision is evidenced by the upcoming state visit on Thursday by the National Institute of Science and Technology Selection Committee to further consider Kansas as the recipient of an almost \$12 million NIST grant. On Friday Governor Finney signed the letter of commitment required to indicate her support for this project, which will include \$11.9 million in matching funds over a six year period.

My personal commitment, this administration's commitment, and the Governor's commitment to Economic Development is strong. Although we have very difficult decisions to make, if we continue to work together, I have every confidence that we will be successful.

JIM BECKLEY, TRADE DEVELOPMENT

Beckley's been involved in private business for 20 yrs., 12 of that in international business. He was most active in transportation, distribution, and marketing with experience throughout Europe, the Middle East, and Africa. Beckley has owned his own business since the late 1970's, and brings to Kansas a prime list of established trading relationships overseas. Jim Beckley lives in Shawnee, Kansas.

GREG GILSTRAP, TRAVEL AND TOURISM

Gilstrap is a former statehouse reporter and anchor/producer of an entertainment program for WIBW-TV, Topeka. Greg has worked on numerous feature stories with a concentrated travel and tourism emphasis in recent years. His work includes freelance work for CBS, CNN, and WTBS-TV in Atlanta. And Greg has worked in the motion picture industry as well, with speaking roles in the movie "Kansas", and the TV movie "Cross of Fire". A Topeka native, Greg holds a Bachelor of Arts degree in Communications from the University of Texas-Arlington.

CAROL WELKER, EXISTING INDUSTRY

Carol is a former KSU professor in the Dept. of Regional and Community Planning. She taught Strategic Planning and other courses related to Community and Economic Development. Welker has an extensive background in Community Development and Finance, serving on the Board of Directors of the Kansas Chapter of the Community Development Society. She also served in the office of Governor Ronald Reagan in California, office of Planning and Research, and held various positions in the Bank of America on the West Coast. Carol Welker lives in Goff, Kansas.

CAROLE MORGAN, COMMUNITY DEVELOPMENT

Carole returns to this position, having served there under the Carlin Administration. A native of South Dakota, Carole has eighteen years of experience in state and local government in SD, Iowa, North Carolina, Florida, and Kansas. She is a former business manager for WRAL-TV in North Carolina and controller for the Television Division of Capital Broadcasting in Raleigh, NC. Carole also owned and operated her own business, General Aviation Airport, in 1975. Carole holds a Masters Degree in Public Administration and has completed professional training with the National Development Council.

BILL THOMPSON, INDUSTRIAL DEVELOPMENT

Acting Director now, Bill has been with us for many years, and brings a wealth of experience to our efforts. Bill has been with the Industrial Development Division since 1980 in various capacities, most recently as Director of National Marketing where he implemented business recruitment programs. A graduate of the University of Illinois with a degree in marketing, Bill has worked in Economic Development since 1975 on the community, multi-county, and state levels. Bill has received the designation from the American Economic Development Council as a Certified Industrial Developer.

*Eco-Devo.
Attachment #2
02-18-91*