

Approved: January 21, 1997
Date

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairman Bill Mason at 3:30 p.m. on January 16, 1997 in Room 423-S of the Capitol.

All members were present except: Barbara Allen (Excused)

Committee staff present: Lynne Holt, Legislative Research Department
Beverly Renner, Committee Secretary

Conferees appearing before the committee: Dennis Zimmerman, President Kansas Industrial Developers Association (KIDA)
Lavern Squier, First Vice-President, KIDA
Kent Heermann, Second Vice-President, KIDA

Others attending: See attached list

Dennis Zimmerman, Lavern Squier and Kent Heermann, Officers of KIDA briefed the committee on their organization's goals, objectives and initiatives. KIDA has 100 members made up of professionals in economic development businesses and other interested businesses or organizations (Attachment 1). It was stressed that the economic development system is the means by which we deliver goods in our businesses. Economic Development Initiatives Funding (EDIF) allows this organization to operate and maintain a degree of focus, looking at uses, job creation and economic development profiles.

Chairman Mason adjourned the meeting at 4:25 p.m.

The next meeting is scheduled for January 21, 1997.



WHERE IT ALL BEGAN

The State Gaming Revenue Fund (SGRF) was created by the Kansas Legislature (HB 2789) in 1986. It was created in order to provide the means necessary to distribute the revenues that would be generated if the Kansas voters approved either or both of the constitutional gaming amendments on the November 1986 General Election ballot. One of the amendments authorizes a state-owned and operated lottery while the other permitted parimutuel wagering on horse and dog racing. This law created by HB 2789 was provisional in that it would only be used if either or both of the amendments were approved, by the voters.

The bill (HB 2789) as passed, provided that 60% of the funds in the SGRF would be transferred to a newly created fund, the Economic Development Initiatives Fund (EDIF). Additionally, 30% of the SGRF would be transferred to a County Reappraisal Fund and the remaining 10% to a Juvenile Detention Facilities Fund and Correctional Institutions Building Fund.

Since that time the above percentages have been changed several times. The latest change was in 1994 when the amount placed in the EDIF was set at 85%, with 15% placed in the Juvenile Detention Facilities Fund.

HISTORY OF PROGRAM AND PROJECT FUNDING

In FY 1988, expenditures were first made from the EDIF. They were used primarily for Kansas Technology Enterprise Corporation (KTEC) related activities, select programs within the Kansas Department of Commerce and the Kansas Public Broadcasting Commission.

Over the years, the list of beneficiaries has grown. Even with this growth, the fund has remained focused on job creation, with the majority of the EDIF still allocated to the Kansas Department of Commerce and Housing (KDOCH) and KTEC. Appropriations from FY 1988 to 1997 (a ten-year period) are listed below.

KDOCH-----	\$96,119,143
KTEC-----	\$90,942,137
Kansas Inc. -----	\$4,400,000
Dept. of Education-----	\$45,400,000
State Water Plan -----	\$14,000,000
Dept. of Revenue -----	\$20,000,000
Dept. of Agriculture -----	\$2,300,000
State Fair-----	\$628,000
Wildlife and Parks-----	\$5,700,000
School for the Blind-----	\$390,000
Kansas Arts Commission-----	\$5,500,000
Historical Society-----	\$2,195,000
State Library-----	\$3,100,000
Dept. of Administration-----	\$1,575,000
Board of Regents -----	\$9,400,000
Dept. of Human Resources -----	\$600,000
KS Development Finance Authority	\$990,000
KS Social and Rehab Services -----	<u>\$2,500,000</u>

Ten-year total ----- approx. \$306,000,000



WHAT THE FUTURE HOLDS

The need for the EDIF and the programs it funds is greater now than ever. Prior to 1986, economic development efforts in Kansas were always on the back burner of legislative funding. A sagging economy, along with the issuance of the Redwood-Krider Report, which identified the weaknesses in the state's economic development programs, were responsible for the creation of the SGRF and efforts to boost the economy.

As budgets become tighter within state government, specific program funding sources, such as the EDIF, become large targets for those that want other programs funded but don't want to raise taxes to do it.

Also, as more new legislators arrive on the scene, the institutional memory surrounding the issues of an underfunded state economic development program, a state lottery, parimutuel wagering and the method for distributing the proceeds from both, is often lost. In addition, many don't remember that the method for distributing the proceeds actually was in place prior to the vote by the public on the lottery and parimutuel amendments. It is important that all legislators be reminded of this background before they come to Topeka for the 1997 Legislative Session.

(Over Please)



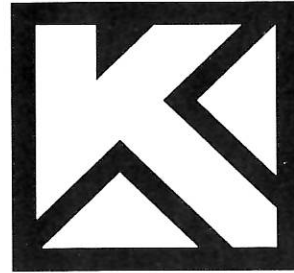
WHAT YOU SHOULD DO

It is imperative that those who work in the economic and community development arena get the information on the EDIF out to legislators.

You need to help explain that the growth in Kansas employment and investment has not "just happened." It has taken place because a plan was developed in 1985, a source of funding was created in 1986 and actual funding began in 1987!

You, as practitioners most likely will be the only ones who will carry this message. Likewise, you as practitioners will be the first to notice if the EDIF is abandoned or reduced. The rest of the state will notice the impact of reduced development efforts only after they don't happen. By then, it will be too late!

Your help is needed and appreciated.



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The Kansas Economic Development Initiatives Fund

Information that you should know!

Produced by:

**Kansas Chamber of Commerce and
Industry**

**Kansas Industrial Developers
Association**