

Approved January 17, 1997  
date

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 16, 1997 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Barone, Brownlee, Feleciano, Gooch, Jordan, Ranson, Steffes, Steineger and Umbarger.

Committee staff present: Lynne Holt, Legislative Research Department  
Jerry Donaldson, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Betty Bomar, Committee Secretary

Conferees appearing before the committee:  
Dr. Charles Warren, President, Kansas, Inc.

Others attending: See attached list

Upon motion by Senator Barone, seconded by Senator Steineger, the Minutes of the January 15, 1997, meeting were unanimously approved.

Dr. Warren stated Kansas, Inc., is an outgrowth of the 1986 Legislative overhaul of economic development programs. Kansas, Inc. focuses on strategic planning and analysis to chart the overall direction of the state's economic development efforts and to set priorities in business assistance and community development.

Dr. Warren informed the Committee Kansas, Inc. has a staff of 5 members and a Board of Directors of 17 individuals, chaired by the Governor and co-chaired by a member from the business sector. The membership of the Board is comprised of the secretary of the Department of Commerce and Housing; nine members who are appointed by the governor, representing each of the primary economic sectors in the state--agriculture, oil and gas, and aviation; the remaining members represent the financial sector, labor, small business, the commanding general of the Kansas calvary, and one member appointed by the state board of regents from a Kansas university whose knowledge and leadership is in the field of economic development; the speaker of the house; the house minority leader, the president of the senate; and the senate minority leader.

Dr. Warren stated Kansas, Inc., is funded two-thirds Economic Development Initiatives Fund (EDIF) and general fund; and one-third business community.

Dr. Warren submitted a copy of "A Kansas Vision for the 21st Century: *The Strategic Plan for Economic Development*". A copy on file in the Office of the Department of Legislative Research.

Dr. Warren stated the 1997 Strategic Plan updates and revises the 1993 *Vision*.. The 1997 strategy builds on the achievements gained over a decade of economic development; yet the prosperity enjoyed due to rising per capita income, record employment levels, low unemployment and 150,000 new jobs added, has brought a new set of problems and challenges. Labor shortages in skilled occupations and affordable housing. The Board has relied heavily on a Strategic Planning Committee, comprised of 22 outstanding professional individuals, and the Professional Advisory Committee made up of 21 persons active in the economic arena.

Dr. Warren informed the Committee the Strategic Planning Committee reviewed the strengths and weaknesses identified in the 1993 economic development strategy and revised a set of strengths and weaknesses felt as opportunities or threats to the economy. The strengths are: An increasingly diversified economic base with strong growth in business and professional services; A stable base of small and medium-sized manufacturing firms geographically situated throughout the state; Excellent high school and college attainment rates; Excellent quality of life; Extensive improved highway system; A healthy environment; A growing base of market-oriented university research institutions; and a strong government support for economic development. The weaknesses are: A high and disproportionate burden of state and local taxes on

## CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE, Room 123-S Statehouse, at 8:00 a.m. on January 16, 1997.

existing businesses; Inadequate preparation of youth during K-12 education for work and careers, low levels of funding for adult education and a lack of continuing education; Shortage of skilled workers; Inadequate research and development capacity in industry and universities and low number of scientists and engineers in the workforce; Limited supply of affordable housing in some non-metropolitan communities; Difficulty in securing financing for start-ups and young companies; A relatively high rate of business failures and bankruptcies; and Availability and affordability of health care.

The Committee agreed a weakness which was not addressed in 1997 *Vision* is the change in ownership of businesses. The majority of business decisions made are made by individuals outside of Kansas. Decisions pertaining to the state's economy are the result of "branch banking" and apparently "branch business". Dr. Warren agreed this is a concern and a result of the global economy.

Dr. Warren stated the goals of the economic development strategy are to: Reduce or neutralize the tax burden; Education of youth K-12; Expand adult education and skill-related training; Maintain and improve the public and private infrastructure; and Sustain and enhance economic development capacity.

Dr. Warren stated Kansas has emerged as a national leader with prosperous growth companies, excellent educational opportunities, quality of life and well-managed resources. The success achieved in the past ten years can be maintained and exceeded if the weaknesses are pro-actively addressed through high productivity of the state's workforce, fostering higher value-added companies, and strengthening those industries that rely on more advanced technologies and higher skilled or educated workers.

The meeting was adjourned at 9:00 a.m.

The next meeting is scheduled for January 17, 1997.

