

Approved: January 15, 1998
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 14, 1998 in Room 123-S of the Capitol.

Members present: Senators Salisbury, Barone, Brownlee, Donovan, 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:
Mikel Miller, Senior Policy Analyst, Kansas, Inc.
Charles Ranson, President, Kansas, Inc.

Others attending: See attached list

Mikel Miller, Senior Policy Analyst, Kansas, Inc., stated Kansas, Inc.'s three primary activities are: 1) planning and policy research to formulate and update a statewide economic development strategy; 2) recommending program and public policy initiatives; and 3) conducting oversight and evaluation of strategy implementation.

Ms. Miller stated Kansas has had a strategy for economic development since 1986 when the Redwood-Krider report was published. One of the recommendations from the report was to create Kansas, Inc. Kansas Inc.'s mission is to constantly monitor the state's economy and update the strategic plan as necessary to make sure the state's limited economic development resources are targeted in the most effective way. In 1993 Kansas, Inc., released a new strategic plan for economic development focusing on the creation and attraction of high performance companies that were globally competitive and that relied on highly skilled workers whose productivity would command higher wages. (Attachment 1)

The 1997 "Kansas Vision for the 21st Century" provides a new strategy and agenda for continued economic progress. The five major goals represent the priority needs of business over the next decade and reaffirms the overall mission of enabling all Kansans to achieve a higher quality of life and standard of living.

The five strategic goals are: 1) Create a positive, competitive business climate that encourages investment and growth; 2) Prepare Kansas youth for the workplace and life-long learning; 3) Provide high quality workforce training and life-long learning opportunities to adults; 4) Maintain and improve the public and private infrastructure essential for growth and development; and 5) Sustain and enhance economic development capacity.

Ms. Miller stated one of the first steps to achieve the above goals was joint sponsorship with the Kansas League of Municipalities and the Kansas Industrial Developers Association a symposium on property tax abatement. The recommendations were presented to the Special Committee on Assessment and Taxation and the Joint Committee on Economic Development and, in part, are the basis for future legislation and the Governor's tax cut proposals.

Ms. Miller advised Kansas, Inc., is staffed by 5 persons. Its budget is one-third private sector money and two-thirds public sector money.

Senator Gerald Karr, a member of the Search Committee to find a new President of Kansas, Inc., introduced Charles Ranson, newly hired President.

Charles Ranson informed the Committee he was from Florida and a graduate of Florida State University School of Law. Mr. Ranson stated he was a member of the Florida Attorney General's Anti-Trust Division for a time and then went into the private practice of law. As a result of representing a number of

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clients before governmental agencies his interest in government and community escalated. He was instrumental in the creation of the Florida International Affairs Commission and served as a member of the Commission. He closed his law practice to explore his interest in public service. Mr. Ranson received a Degree in Public Administration from Harvard University this past summer. Mr. Ranson responded to questions from the Committee and stated he and his family were looking forward to working and living in a state with such a deep sense of community.

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

The next meeting is scheduled for Thursday, January 15, 1998 at 8:30 a.m.

Testimony before Senate Commerce
Mikel Miller, Sr. Policy Analyst for Kansas, Inc.
January 14, 1998

Kansas has had a strategy for economic development since 1986 when the Redwood-Krider report was published. Senator Salisbury was among the group of far-sighted law-makers who created the legislation that implemented 46 of the 50 recommendations made by that first strategy.

One of those recommendations was to create Kansas, Inc. Kansas, Inc.'s mission was to constantly monitor the state's economy and update the strategic plan as necessary to make sure our limited economic development resources were targeted in the most effective way.

To that end, in 1993, Kansas, Inc. released a new strategic plan for economic development. "A Kansas Vision" focused on the creation and attraction of high performance companies that were globally competitive and that would rely far more on highly skilled workers whose productivity would command higher wages.

The release of "A Kansas Vision for the 21st Century" in January 1997, marked the tenth anniversary of the Redwood Krider report. This new strategy outlines an ambitious set of goals and objectives that, if implemented, can enable Kansas to compete with the best states and nations of the world.

"A Kansas Vision for the 21st Century" provides a blue-print and agenda for continued economic progress. The strategy's five major goals represent the priority needs of business over the next decade and reaffirms the overall mission of enabling all Kansans to achieve a higher quality of life and standard of living.

Five Strategic Goals

- ▶ Create a positive, competitive business climate that encourages investment and growth.
- ▶ Prepare Kansas youth for the workplace and life-long learning.
- ▶ Provide high quality workforce training and life-long learning opportunities to adults.
- ▶ Maintain and improve the public and private infrastructure essential for growth and development.
- ▶ Sustain and enhance economic development capacity.

Once "A Kansas Vision for the 21st Century" was developed and presented to the 1997 Legislature, Kansas, Inc. began to take steps to reach the goals that had been set.

Among the first things Kansas, Inc. set about doing was to join the Kansas League of Municipalities and the Kansas Industrial Developers Association in sponsoring a symposium on Property Tax Abatement. The meeting was organized in response to a growing concern among local government officials and economic developers over the rulings and denial of economic development tax abatements by BOTA. As a result of the symposium, a Tax Abatement Task Force was formed to review the current statutes on tax abatements and to recommend amendments to clarify the laws and increase the predictability of BOTA rulings. Those recommendations were presented to the Special Committee on Assessment and Taxation and the Joint Committee on Economic Development in October and were in-part the basis for the Legislation those committees are recommending to address the problem Senate Commerce Committee

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Attachment # 1 thru 1-2

Kansas, Inc. is recognized as a creative and vital organization that helps the state's businesses communicate with the Executive and Legislative branches of government. As a recent example, our Board of Directors approved the creation of an Action Planning Committee on Business Taxation. The Committee was made up of 24 private-sector business leaders. They recommended five major tax cuts needed to make Kansas competitive with its surrounding states. These included a refundable tax credit on property tax paid on machinery and equipment, unitary tax reform, repeal of the state inheritance tax, reduction of severance tax on marginal oil & gas wells, and repeal of the sales tax on labor services for remodeling. Those proposals for business taxation were strongly endorsed by our Board and then personally presented to the Governor by members of the committee. We feel certain those recommendations had an impact on the Governor's tax cut proposals.

In closing, I want to say how excited I and the rest of the Kansas, Inc. staff are about the future of Kansas, Inc. and about working with Charles Ranson. We are looking forward to a new management style, and are eager to take advantage of his talents.

Thank you Madam Chairperson. I remain for questions.