

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson Representative William Mason at 3:30 p.m. on January 16, 2001 in Room 522-S of the Capitol.

All members were present except: All present

Committee staff present: Bob Nugent, Revisor of Statutes
Renae Jefferies, Revisor of Statutes
Lynne Holt, Legislative Research Department
April Holman, Legislative Research Department
Rose Marie Glatt, Secretary

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

Others attending: See Attached List

Chairman Mason welcomed everyone to the committee. He invited members to introduce themselves and tell of their interests in Economic Development in Kansas. He introduced staff members.

The Chairman gave a brief history of Economic Development in Kansas and the funding components. He introduced Charles Ranson, President, Kansas, Inc. Mr. Ranson introduced Debby Fitzhugh, Director of Operations and briefed the committee on the history and mission of the agency (Attachment 1). He stated that in 2001 Kansas faces several challenges in Economic Development: (a) issues of sustainability confronting small towns and rural Kansas, (b) global competitiveness and (c) issues of investments in information/technology infrastructure. He reviewed the Kansas, Inc. 2000 Annual report, on file at Kansas, Inc., explaining the key economic indicators that Kansas, Inc. had used to measure the states performance relative to the region and the nation. He outlined the three issues on their 2001 Legislative Agenda: (1) to support the continuation of and broadening of economic development funding, (2) to support enactment of Legislation that will meet the critical need for risk/venture capital, (3) to support KAN-ED Legislation that will accelerate the profusion of broad ban internet technology to all of Kansas.

Mr. Ranson answered questions regarding the following issues: seed and venture capital legislation that will be introduced this session, timeliness of the current Economic Development programs, number of companies that are affected by the lack of seed/venture capital and updates on the US Government's involvement. He concluded that an update on the status of the strategic plan is expected February 6 or 7 and would be available for the committee.

The Chairman opened the floor for introductions of bills.

Representative Kuether stated that she would like to re-introduce, as a committee bill, the research and development income tax bill. It was allowed to sunset last year. There was no objection therefore the committee will introduce the bill.

Representative Aday stated that he planned to re-introduce the Housing Bill in the next couple of weeks. The bill passed in the House and failed in a Senate Committee last year.

The Chairman advised the committee that some of the reports on which they would be briefed, will have a major interest to the interim committee and it was important for them to consider the overall picture when considering legislation for Economic Development for the state.

Representative Kuether advised the committee that she had written a letter to the Governor, after she attended the 21st Century Vision Report press conference, supporting his position on implementing executive orders to change the make-up of how the Economic Development resources are expended for the three agencies. The Chairman advised that there had been other communications to the Governor asking for the same action.

The next meeting is January 18.

The Chairman adjourned the meeting at 4:35 p.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE
COMMITTEE GUEST LIST

DATE: January 16, 2001

NAME	REPRESENTING
Marsha Abraham	CWA
Duby [unclear]	Kansas Inc.
Charles [unclear]	KS Inc.
Barb Reavis	KWIP Council
Roger Frawley	KGC

LEGISLATIVE TESTIMONY—16 JANUARY 2001

Charles Ranson, President, Kansas, Inc.

I have been asked to provide an overview of Kansas, Inc. In so doing, let me take you back 14 years to 1986. The Kansas economy is in its worst state since the Great Depression. In fact, as the U.S. suffered through a severe recession, Kansas' economy verged on '30s-like figures.

Kansas bank failures spiked. Agriculture, manufacturing, and oil & gas—traditional mainstays of the State's economy throughout the 20th century, simultaneously dove into the ditch. Suicides increased. Kansas' economy was in desperate straits. An urgent response was required.

The Legislature, joined by then-Governor John Carlin and a rainbow coalition of constituencies (including KCCI, the League of Women Voters, unions and farm groups, put aside their differences of the moment to forge a consensus recovery strategy. Call it triage, stabilization and rehabilitation.

The centerpiece of this historic show of nonpartisan community spiritedness has come to be known as the Redwood-Krider Report, named after KU Business professors Tony Redwood and Chuck Krider. Commissioned by the Legislature to conduct a thorough evaluation of the State's economy, to present recommendations for reversing the collapse, and to put in place measures and safeguards that would minimize the risk of reoccurrence, Redwood-Krider (joined by Boston-based economic development innovator Belden Daniels) educated a broad coalition of Kansas' leaders about the strengths and weaknesses and the challenges and opportunities confronting our State.

Senator Kerr, alone among the membership of this Committee, was in this body at that time, and he will recall the despair and the triumph of that time, as Redwood-Krider proposed 50 new policies to spur economic growth and stability, of which 46 ultimately were enacted and implemented. And, he will recall the extraordinary bipartisanship exhibited to enable Kansans to overcome the urgency of that era.

At the beginning of a new millenium, when the economic challenges that we face are serious if not yet urgent, he will testify to the to the importance of working together as we seek to understand the current condition of our economy, and the regional, national, and global context in which we must prepare for the future. We (and you) are fortunate that there remain members of this body who endured the tribulation of the mid 1980s.

Among the 50 recommendations of Redwood-Krider (the State's first fully-articulated economic development strategic plan) was one to establish Kansas, Inc as a nonpartisan, objective, and independent private-public partnership. Created to provide a neutral forum for the exploration of issues confronting the Kansas economy, Kansas, Inc is governed today by a 17-member board of directors, operating under co-chairmanship of the Governor and a senior private sector business executive. Our legislation provides for the Senate President and House Speaker (along with the Minority Leaders of each chamber) also to serve on the board, with the balance of the membership including the Secretary of KDOCH, the Commanding General of the Kansas Cavalry, a representative of the Regents' institutions, and industry representatives bringing to the organization the perspective of basic industry, services, financial services, aviation, agriculture, and organized labor. The goal of the political leadership of the 80's was to, by bringing together private and public sector leaders, forge consensus and increase common ground outside the partisan debate, thereby insuring against a repeat of the severely depressed economy of that time.

Kansas, Inc is the agency that pioneered the concept of the private-public partnership that today exists all across this country.

Working together in partnership with sister agencies KDOCH and KTEC (also created as a result of Redwood-Krider) and with the private sector and our educational institutions, much has been achieved in the ensuing 14 years. Our economy has experienced extraordinary growth. Today, we are a far more diverse economy than we were in the mid-80s. Over the span of years, services have emerged as the largest component of the State's economy. Globalization has washed across our state and nation like a tidal wave, and breath-taking advances in technology have revolutionized the ways in which we live and communicate with each other.

Much has been achieved, but as we move beyond the insularity of our past into a much more exposed and volatile global environment, the need is even

greater for us carefully, dispassionately, objectively, and in a nonpartisan way, to study the strengths and weaknesses, the challenges and opportunities that confront Kansas at the beginning of this new century.

The 2000 Annual Report of Kansas, Inc. discusses in some detail issues that we believe to be particularly important to the future of our State, and the processes we have in place to respond to change.