

MINUTES OF THE HOUSE COMMITTEE ON NEW ECONOMY.

The meeting was called to order by Chairperson Bill Mason at 3:30 p.m. on January 25, 2001 in Room 522-S of the Capitol.

All members were present except: Representative Troy Findley

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

Conferees appearing before the committee: Lt. Governor/Secretary Gary Sherrer, KDOC&H

Others attending: See Attached

Representative Cox moved, seconded by Representative Beggs that the minutes from the January 23 meeting be approved. The motion carried.

Representative Dennis McKinney requested introduction of HB 2204 - a bill about workforce development. The bill would establish the workforce development loan program by creating a fund and providing for loan repayment, forgiveness and administration of the program. Without objection, it will be introduced as a bill.

Representative Doug Patterson requested the introduction of a concept bill concerning community improvement districts; concerning the issuance of revenue bonds to be used as a re-development tool. Without objection, the concept bill will be introduced as a bill.

Representative Aday requested that the housing bill that passed out of the House last year be introduced as a committee bill this year. HB 2205 relates to housing, administration of a state housing program and establishing a state housing corporation. Without objection, it will be introduced as a bill.

The Chairman introduced Lt. Governor Sherrer, KDOCH who in turn introduced his staff: Fred Schwien, Connie Fischer, Steve Kelly, Ned Webb, Randy Speaker, John Watson and Mary Lou McPhail. A packet was given to the committee members which included data on the location of national and international field offices (Attachment 1), Expenditures by Divisions FY 2001: Administration, Agriculture Products, Business Development, Trade Development, Travel and Tourism, Community Development and Division of Housing (Attachment 2), Expenditures by Category FY 2001: Operations and Services and Aid and Assistance to Communities, Business and Individuals (Attachment 3) and Expenditures by Source of Funds FY 2001: FEE Funds, EDIF Funds and Federal Funds (Attachment 4). He reviewed the Mission, Major Programs and FY 2000 Highlights of the Agriculture, Business Development, Community Development, Housing, Trade Development and Travel and Tourism Development Divisions (Attachment 5). He stated that the highlights of last year's programs are listed in the Fiscal Year 2000 Annual Report *Executive Summary*, copy on file at KDOC&H. A complete list of grant recipients are listed in their complete 2000 Annual Report. He explained the purpose and usefulness of the Resource Directory. Other materials given to the committee members included the Kansas 2001 Getaway Guide and three pages of favorable comments made by constituents on the quality of service given by the department. Copies of data on the KDOCH Awards, 1998 through 2000, were distributed listing the awards in each of the Representative's House Districts. All the materials listed above are on file at KDOC&H.

Discussion followed regarding the tour center in Olathe and the new tour center being built close to Interstate 435 at the Raceway. Several committee members expressed gratitude regarding the activities of KDOC&H in their communities. Secretary Sherrer explained the Department's procedure for analysis for businesses that need to change or expand and the community service tax credit program. Andrea Glenn's death was acknowledged and Secretary Sherrer stated that as the Editor of "Kansas Magazine" she played a significant role in its evolution to a world class magazine. There will be a tribute to her in the next issue.

The Kansas advertising budget was compared to that of the surrounding states and the vacancy of several positions within Travel & Tourism was questioned. In response to a request for information on counties not applying for grants, Secretary Sherrer agreed to furnish the committee with data on the grant requests from the individual counties as well as the kinds of jobs being created for Kansas broken down by urban and rural communities. He described the kinds of jobs being created and the definition of a "good job" in today's economy. He described some of the tourist attractions he saw last year, when he visited 55 Kansas counties in five days to see and promote 65-75 tourist attractions. The importance of tourism to Kansas was discussed. The issues of re-training for businesses and the emergency assistance program in Kansas were explained.

Chairman Mason stated that the funding mechanism for the departments is totally outdated and needs to be addressed by the Legislature and asked the Secretary for his view on the subject. The Secretary stated that he had always liked the dedicated fund, however that fund had been frozen and narrowed down to the point that it is no longer feasible to operate effectively from that fund. It should come out of the general fund, especially since they have proven the success of their programs with ROI figures. However history does not support that process, evidenced by the erosion of the EDIF funds. Their theories are good but he questioned whether they would be sustained over the years. He suggested that if they dedicate EDIF to 100 % Economic Development, there would be an additional \$17 to \$18 million dollars for economic development with sustained growth over the decades. Discussion followed regarding the will of the people versus the actual programs that are funded by EDIF. All agreed that it will be an important topic for this year.

The next meeting is January 30, 2001.

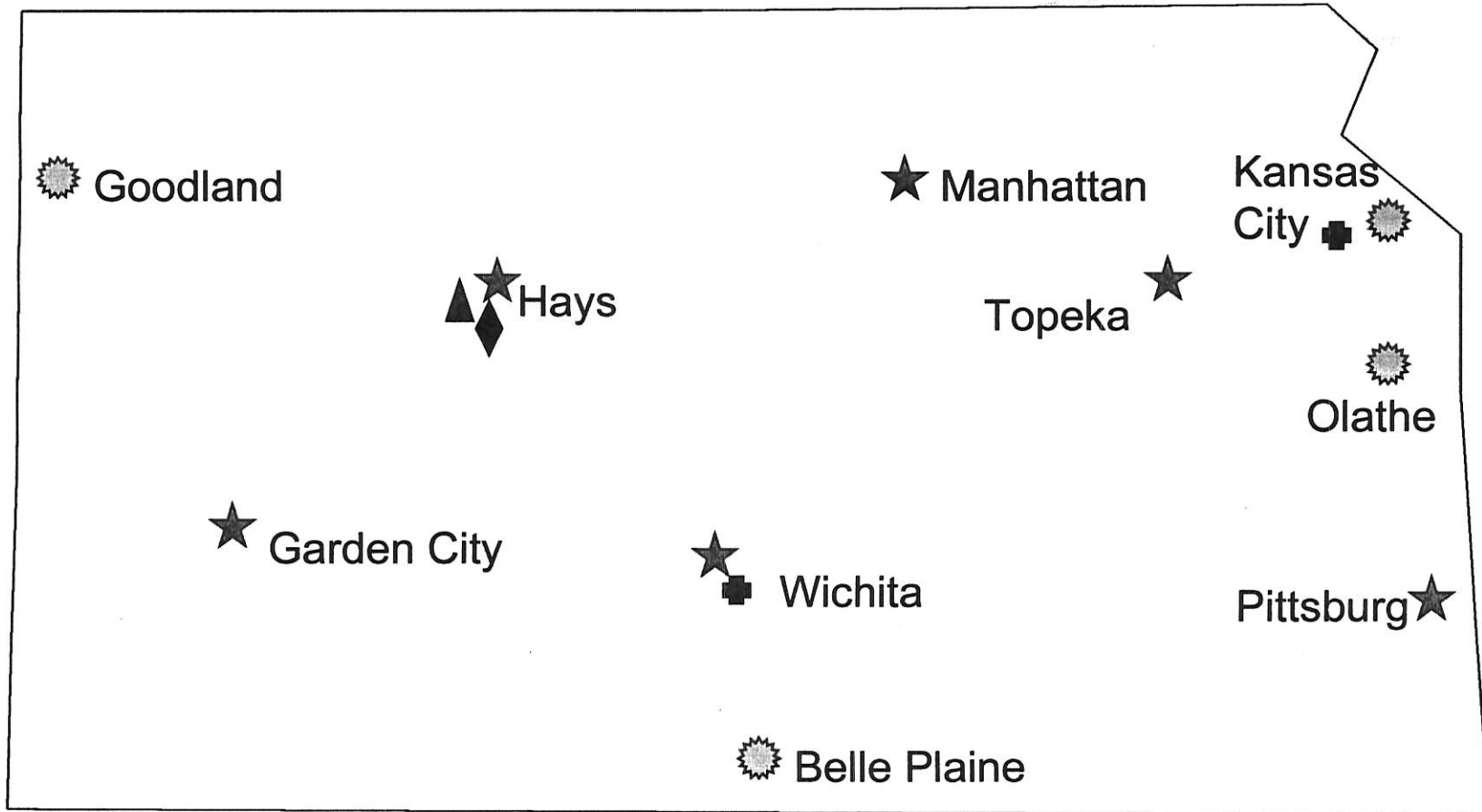
The Chairman adjourned the meeting at 4:45 p.m.

HOUSE ECONOMIC DEVELOPMENT COMMITTEE  
COMMITTEE GUEST LIST

DATE: January 25, 2001

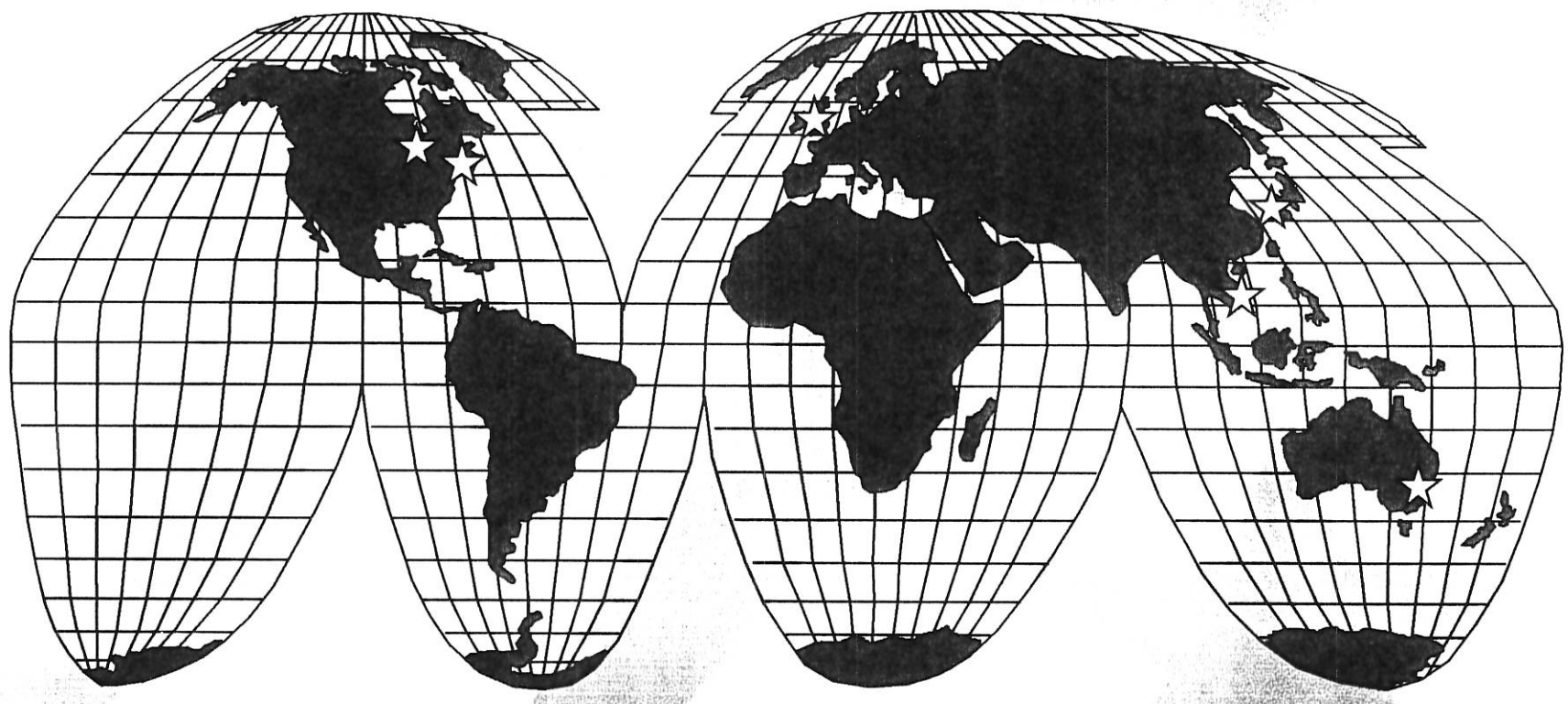
NAME	REPRESENTING
Doug Patterson	West 28
Karen Franzye	KGE
Walter Lee Smith	KMLA
Randy Speaker	KDOC & H.
Steve Kelly	KDOC & H
John Wilson	KDOC & H
Stephanie Buchanan	DOB
Fred L. Schriener	KDOC & H
Fred Clark	KDOC & H
Connie Fischer	"
Mary Lou Marshall	"
Dennis A. Kinnery	Horse Dist. 108
Bill Spady	Ks Gov't Consulting
Annella Farrell	REAP
Marye Susany Selzer	REAP
Marye Dennis Bush	REAP
Jay Newton	Reap / Baxter Co.

# Kansas Field Offices



- ★ Business Development Field Office
- ☀ Travel Information Center
- ▲ Ag Products Development Field Office
- ⊕ Trade Development Field Office
- ◆ Community Development Field Office

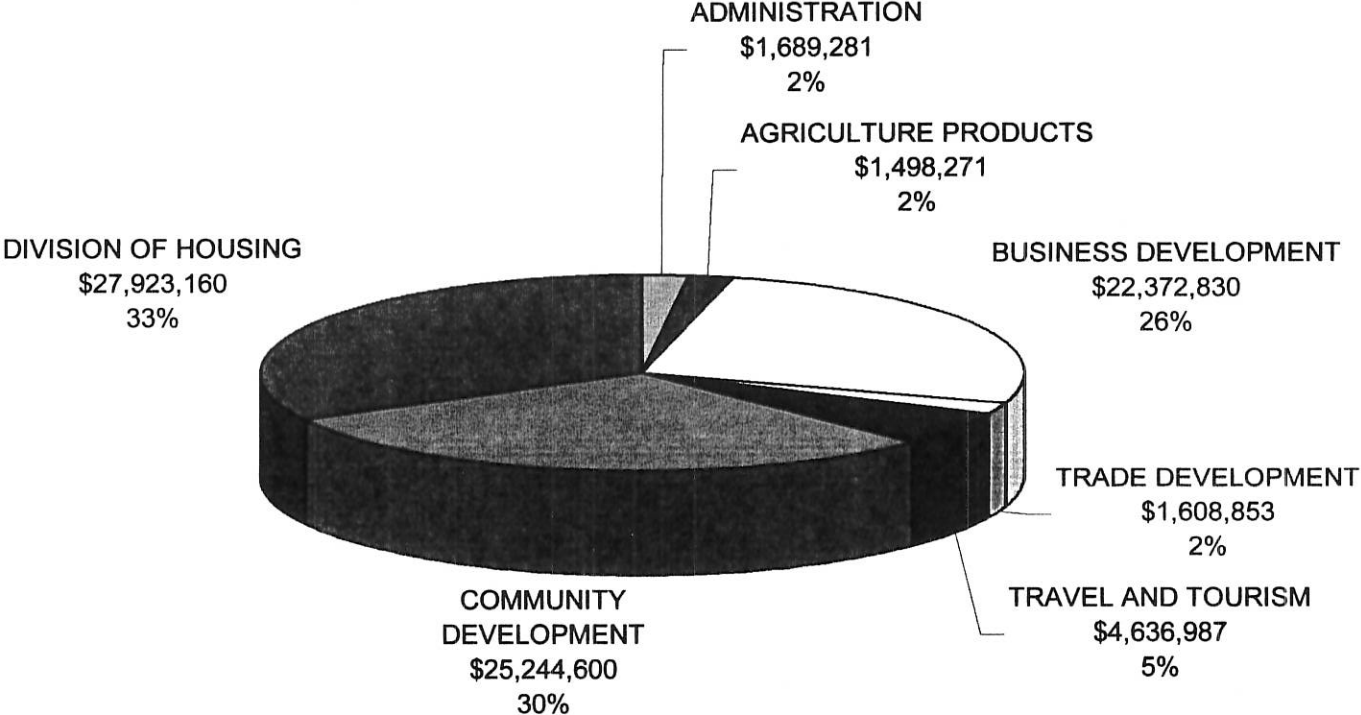
# Kansas National and International Offices



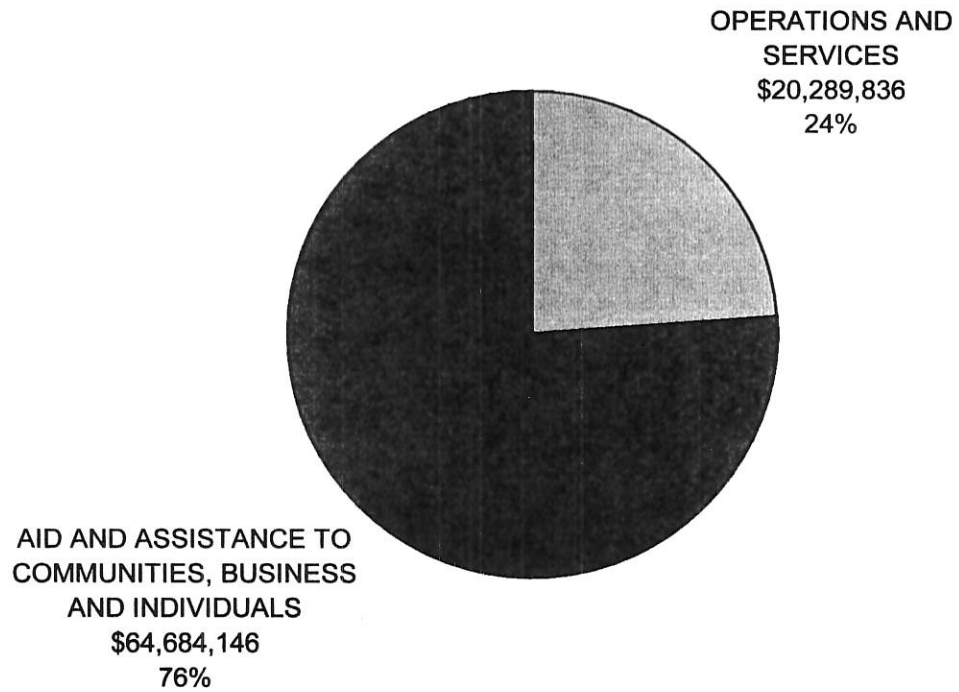
- Great Lakes Office - Chicago**
- East Coast Office - New York**
- European Field Offices –Leatherhead**
- Pacific Rim Field Office - Tokyo**
- Greater China Area Field Office – Hong Kong**
- South Pacific Field Office - Sydney**

KANSAS DEPARTMENT OF COMMERCE HOUSING

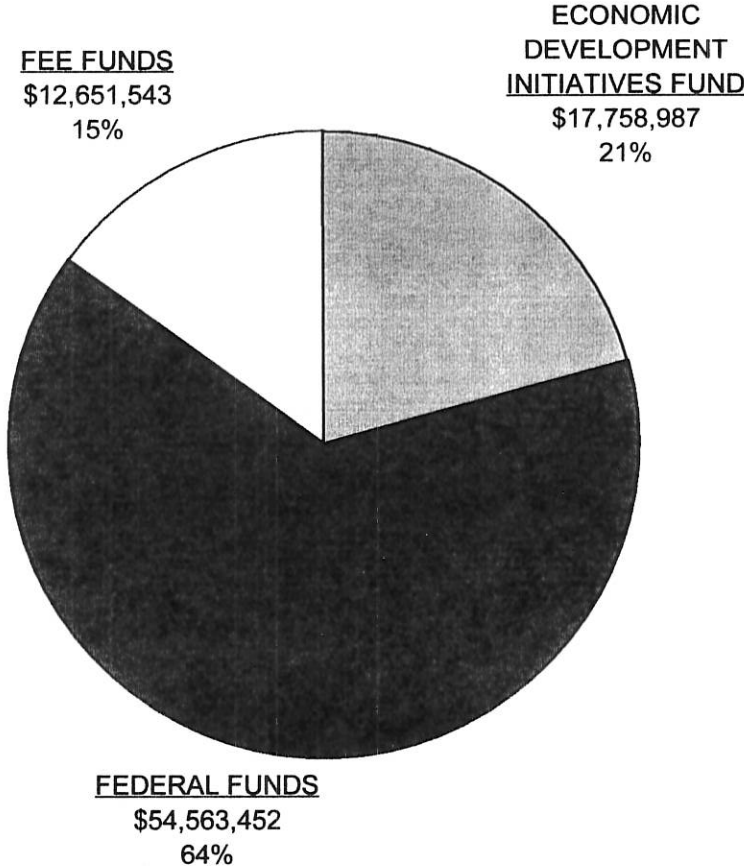
FY2001 EXPENDITURES BY DIVISION



**EXPENDITURES BY CATEGORY  
FY2001**



**EXPENDITURES BY SOURCE OF FUNDS  
FY2001**





## AGRICULTURE PRODUCTS DEVELOPMENT DIVISION

*The Agricultural Products Development Division provides new and existing businesses that utilize Kansas's agriculture products with assistance in marketing, research, and product development.*

**Mission:** To help improve the economic conditions of Kansas producers, while boosting the prosperity of rural communities

**Director:** Connie Fischer      **Phone:** 296-5253      **FAX:** 296-3776

### **Major Programs:**

- ✓ **Agricultural Value Added Center**  
Loans to businesses to assist with development and commercialization of agricultural products and processes.
- ✓ **International Marketing Program**  
Promotion of Kansas agricultural products sales abroad through trade missions, technical assistance and market analysis.
- ✓ **Market Development Services**  
Producer assistance through identifying new markets for Kansas products, and research and promotion of cooperative efforts between agribusiness, commodity and trade organizations, producer groups and others.
- ✓ **From the Land of Kansas**  
Marketing and technical assistance to producers to help them establish viable companies; financial assistance is also available to defray some of the costs of attending trade show.

### **FY 2000 Highlights:**

- Value Added Center clients reported sales, patronage and premiums totaling \$14.7 million.
- The Division assisted food companies in earning awards totaling \$514,053 from the Mid-America International Agri-Trade Council.
- KSU pilot plant facilities, with funding from the Division, provided \$248,301 worth of services to clients.

## BUSINESS DEVELOPMENT DIVISION

*The Business Development Division helps stimulate the Kansas economy through the creation and retention of jobs and by increasing capital investment in our state.*

**Mission:** To maximize positive impacts on the Kansas economy through the creation and retention of jobs and increased capital investment

**Director:** Steve Kelly

**Phone:** 296-5298

**FAX:** 296-3490

### **Major Programs:**

- ✓ **Kansas Economic Opportunity Initiatives Fund (KEOIF)**  
Funding to address opportunities or emergencies that may have substantial impact on the Kansas economy. Projects may include major expansions, location of a major new employer, matching a federal or private sector grant, or mitigating the effects of a loss of a major employer.
- ✓ **Kansas Existing Industry Expansion Program (KEIEP)**  
Addresses the expansion needs of existing Kansas businesses. KEIEP is a performance-based program that stresses business growth and job retention and creation. The funds have a high level of flexibility that allows the state to participate as a funding source when other options have been exhausted.
- ✓ **Kansas Enterprise Zone Act**  
Incentives are available to qualified businesses throughout Kansas, based on the location of the facility, the type of facility, the capital investment made, and the number of jobs created.
- ✓ **Kansas Partnership Fund**  
Provides financial assistance to Kansas cities and counties by making low-interest loans for infrastructure projects necessary to attract new business or expand existing local businesses.
- ✓ **Investments In Major Projects And Comprehensive Training (IMPACT)**  
Provides training assistance through tax-exempt and public-purpose bonds. Targets large firms or projects involving several smaller firms with common skill requirements.
  - State of Kansas Investments in Lifelong Learning (SKILL)
  - The Major Project Investment fund (MPI)

- ✓ **Kansas Industrial Training (KIT)**  
Provides training assistance to manufacturing, distribution, and regional or national service firms in the process of adding five or more new jobs to a new or existing Kansas facility.
- ✓ **Kansas Industrial Retraining (KIR)**  
Provides retraining assistance to employees who are likely to be displaced due to obsolete or inadequate job skills.
- ✓ **Training Equipment Grant Program**  
Provides community colleges and area technical schools an opportunity to purchase instructional equipment to train or retrain Kansas workers.
- ✓ **High Performance Incentive Program (HPIP)**  
Provides tax and other incentives to companies that pay above-average wages and have a strong commitment to skills development for their workers.
- ✓ **Kansas Business First**  
Assist communities in establishing a customized local retention and expansion program by assessing the business climate in their area with a survey software program.
- ✓ **Office of Minority and Women Business Development / Single Source Certification Program**  
Promotes and assists in the development of minority- and women-owned businesses in Kansas. The program provides assistance in procurement and contracting, financing resources, business planning, and identification of business opportunities. The Single Source Certification program certifies minority and women-owned businesses by verifying ownership and control of a company.
- ✓ **Certified Development Companies (CDC)**  
The state provides financial support to a network of Certified Development Companies throughout the state that assist the small business communities with financial packaging services, using a variety of private and government sources.
- ✓ **Small Business Development Centers (SBDC)**  
Provide support to help small businesses succeed through free professional consultation services and low-cost seminars. The centers provide assistance in a variety of business management areas including accounting, business planning, market analysis, personnel, and procurement.

**FY 2000 Highlights:**

- Business recruitment efforts helped bring 5,851 new jobs to Kansas.
- New businesses attracted to the state will make \$416 million in capital investments.
- Nearly 14,500 employees from 111 Kansas companies will receive training as a result of grants awarded.
- Jobs added with the help of KEOIF and KEIEP loans will generate a projected payroll of \$169 million.
- Small Business Development Centers counseled 14,000 clients.

## COMMUNITY DEVELOPMENT DIVISION

*The Community Development Division provides funding, technical expertise and coordination of community improvements*

**Mission:** To preserve and enhance the livability of Kansas communities by improving their capacity to meet their needs.

**Director:** Ned Webb      **Phone:** 296-3485      **FAX:** 296-0186  
**E-Mail:** nwebb@kdoch.state.ks.us

### **Major Programs:**

- ✓ **Community Development Block Grant**  
Federal grant program to benefit low- and moderate-income individuals; remove or prevent slums and blight; or resolve an urgent need created by a severe or natural disaster. Grants are made to cities and counties under 50,000 for:
  - Loans to private businesses that create or retain jobs.
  - Community improvements projects, such as fire protection, water or sewer improvements, senior centers, etc.
  - Urgent needs
  - Housing and neighborhood rehabilitation
  - Downtown revitalization
  - Comprehensive development
  - Micro-loan pools to assist micro enterprises
  - Self-help improvements (KAN STEP)
  
- ✓ **Community Service Tax Credits**  
State tax credits for contributions to private, nonprofit organizations that provide services to disadvantaged children and families, health care services or crime prevention services.
  
- ✓ **Kansas Main Street Program**  
Technical and financial assistance to assist with the preservation and revitalization of downtown districts in communities of less than 50,000.
  
- ✓ **PRIDE**  
Technical assistance to communities to help with a hands-on approach to self-improvement.

✓ **Community Capacity Building**

Grants to cities or development organizations to encourage community development planning, neighborhood revitalization, downtown revitalization, etc.

✓ **Flood Mitigation Assistance**

Grants to selected communities to reduce the long-term risk of flood and other disaster damages.

**FY 2000 Highlights:**

- Generated 328 net new jobs in Main Street cities.
- Leveraged \$30.9 million in private investment in Main Street cities.
- Completed 90 Community Development Block Grant projects (CDBG), benefiting 68,959 Kansans.
- CDBG projects retained or created 272 jobs, rehabilitated 240 homes, demolished 47 unsafe structures, and laid 131 miles of water mains and 6.9 miles of sewer lines.

## HOUSING DIVISION

*The Housing Division provides funding and technical expertise to Kansas communities.*

**Mission:** To provide housing opportunities for Kansas through the development of resources, partnerships, and technical assistance.

**Director:** Randy Speaker    **Phone:** 296-2954    **FAX:** 296-8985

### **Major Programs:**

- ✓ **Home Ownership Assistance**  
Federal grant program to benefit low- and moderate-income individuals with funds to assist first time homebuyers, or to assist current homeowners with repairs.
  
- ✓ **Rental Housing Assistance**  
Tax credits to develop and maintain affordable rental housing.  
Private activity bonds to finance residential rental projects.  
Development loans to accelerate the development of rental housing.  
Tenant based rental assistance.  
Compliance monitoring to ensure safe and livable rental housing.
  
- ✓ **Housing With Supportive Services**  
Emergency shelter grants.  
Community Services Block Grants to local community action agencies.  
Weatherization assistance.
  
- ✓ **Kansas Accessibility Modification Program (KAMP)**  
Grants for both homeowners and renters to make housing units more accessible to handicapped or disabled occupants.

### **FY 2000 Highlights:**

- Constructed 1,288 rental units and rehabilitated 184 units
- Assisted 1,781 first-time homebuyers
- Rehabilitated 100 owner-occupied homes
- Constructed 1,288 rental units and rehabilitated 184 units
- Assisted 23,676 homeless.
- Weatherized 708 homeowner units and 442 rental units.
- Provided rental assistance to 2,804 tenants.

## TRADE DEVELOPMENT DIVISION

*The Trade Development Division helps Kansas companies develop international trade.*

**Mission:** To increase international sales of Kansas goods and services and to increase the number of international corporations located in Kansas

**Director:** John Watson      **Phone:** 296-6333      **FAX:** 296-5263

### Major Programs:

- ✓ **Export Counseling/International Market Research**  
Free, on-site counseling to help businesses identify new markets around the world, research foreign markets, and implement an export-marketing plan.
- ✓ **Overseas Missions and Trade Shows**  
Actively recruit Kansas companies to attend trade shows and missions in regions around the world.
- ✓ **Educational Seminars**  
Educational programs are offered periodically to address general export activities, specific issues, and market information.
- ✓ **Kansas Export Loan Guarantee Program**  
Loan guarantees are available for companies that have the ability to export products, but lack sufficient working capital.
- ✓ **Kansas Trade Show Assistance Program (KTSAP)**  
Provides financial support for Kansas businesses exhibiting in foreign and domestic trade show attracting international buyers.
- ✓ **Overseas Offices**  
Kansas companies have an access to resources and information about foreign markets from offices located in Europe, Australia, and the Pacific Rim.
- ✓ **International Investment Recruitment**  
Assists international investors by marketing the state as a location for new business facilities.



**FY 2000 Highlights:**

- Provided technical assistance to 280 companies.
- Completed 101 market/regulatory analyses.
- Awarded Trade Show Assistance grants to 60 companies that reported export sales of over \$22 million.
- Attracted \$11.5 million in foreign investment, aiding in creation of 570 new jobs.

## TRAVEL & TOURISM DEVELOPMENT

*The Travel & Tourism Development Division affects the economy in Kansas in a positive way through attracting visitors to Kansas, assisting communities to develop more tourist attractions, and encourage film producers to use Kansas as their film location site.*

**Mission:** To generate and facilitate tourism and film-related spending throughout the state

**Director:** Mary Lou McPhail      **Phone:** 296-6847      **FAX:** 296-6988

**Major Programs:**

- ✓ **Tourism Advertising Campaign**  
Advertisements are placed in national and international magazines to promote Kansas as a travel destination.
- ✓ **Kansas Travel & Event Guide/Kansas! Magazine/Groups Tour Planner**  
Publications are one of the major tools to promote Kansas as a tourist attraction.
- ✓ **Media Relations**  
Generate Kansas travel-related feature articles by working directly with travel journalists from regional, national, and international consumer and travel trade publications.
- ✓ **Travel Information Centers**  
Provide visitors with various travel kits and information about tourist attractions.
- ✓ **Attraction Development Matching Grant Program**  
Provides financial assistance for the development of new tourist attractions and the enhancement of existing ones.
- ✓ **Kansas Film Commission**  
The Commission participates in various activities that promote Kansas as an attractive destination for film production.

**FY 2000 Highlights:**

- Generated 119,110 inquiries through print advertising.
- Travel expenditures influenced by print advertising exceeded \$25 million.
- Almost 450,000 visitors stopped at the Travel Information Centers.
- Sites featured in the *KANSAS! Magazine* experienced a 21 percent increase in visitors.
- Feature stories on Kansas in national consumer and travel publications produced the equivalent of \$4.3 million in print advertising.
- The Film Commission assisted 25 projects, filmed in 15 counties, accounting for over \$13.2 million in production expenditures.