

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on January 31, 2001 in Room 123-S of the Capitol.

All members were present except: Senator Lynn Jenkins

Committee staff present: April Holman, Legislative Research Department  
Robert Nugent, Revisor of Statutes  
Lea Gerard, Secretary

Conferees appearing before the committee: Rob Hodges, President Kansas Telecommunications Industry, Assoc.  
Larry Berg, Midwest Energy, Inc.  
Steve Miller, Sunflower Electric Power Corp.  
Janice Walker, Executive Director, Doniphan County Economic Development Comm.  
Carol Wiebe, Hillsboro Development Corp.

Others attending: See attached list

Senator Steineger moved, seconded by Senator Emler, that a bill requested by Rob Hodges, President of the Kansas Telecommunications Industry Association, relating to the provision of local exchange telephone service in a municipality and the administration and regulation by the municipality of the public rights-of-way used by the providers of local exchange telephone service. The vote was in favor of the motion.

Upon the request of Senator Emler, the Committee agreed to direct Bob Nugent to draft a E-911 bill that would provide for a uniform collection point and fee that would be administered independently of PSAPS and the wireless carriers.

Steve Miller briefed the Committee on Kansas Rural Economic Development Alliance (KREDA). KREDA is a coalition of people and organizations in 46 western Kansas counties who have combined their resources, both human and financial to work together for the benefit of western Kansas (Attachment 1). Some of the issues that KREDA addresses are population decline, schools, housing, job opportunities and aging population. One of the most successful things we have accomplished is bringing 108 different economic development entities and 46 counties together as one group. The 108 economic development entities in Western Kansas were deteriorating at the time because they did not have the human or financial resources to really accomplish anything.

Larry Berg gave a summary of KREDA's governance which is comprised of a twelve member board (6 from Northwest Kansas and 6 from Southwest Kansas). There are four committees which are Business Development, Legislative, Education and Public Relations. KREDA is a grassroots organization that does not rely on government money and is self funded through private dollars.

Janice Walker, Economic Director briefed the Committee on Economic Development in Northeast Kansas (Attachment 2). Doniphan County is a rural community dependent on agriculture located just across the river from St. Joseph, Missouri and within one hour of Kansas City. One of the successes for this community is that Seaboard Corporation will be building a plant that is a 140 million dollar project. It will take 18 months to two years to build the plant and will employ 500 people when they go into production. By the end of the third year they will have 1100 employees and at peak 2300 will be employed.

Carol Wiebe, Economic Development Director presented an overview of Hillsboro, Kansas that has a population of 3400 and located 50 miles north of Wichita (Attachment 3). Some of their major concerns are keeping a strong hospital and medical community, succeeding in retail by enticing customers from a broader trade area. In the area of tourism or economic impact, Hillsboro is the home of the Hillsboro Arts

& Craft Fair. The event is on the third Saturday of September and brings in 40,000 people. This is the biggest opportunity to showcase the community and is a million dollar day for the Hillsboro Community. All of the industries that we have right now in Hillsboro have expanded or grown from within.

Senator Jordan moved, seconded by Senator Brungardt that the Minutes of January 17, January 18 and January 19, 2001 be approved. Motion carried.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled for February 01, 2001 at 8:30 a.m.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: JANUARY 31, 2001

NAME	REPRESENTING
Steve Miller	Doniphan County / NEKRED
Clare Gustin	WKREDA
SHARIA KRENZEL	WKREDA
Jim Edwards	KCCI
Luan Melley	KEPC
DENNIS LAYMAN	WKREDA
Roger Hrabe	WKREDA
Kathy Richard	WKREDA
Rob Hodge	KTIA
John Brown	M.L.A.
Carol W. Sche	Hollshorn
Melton Krueger	EVEREST Connections
Roger Franke	KEE
Russ Brannon	Kickapoo Tribe General Council
Nancy Bear	Kickapoo Tribe Chairperson

# wKREDA

western Kansas Rural Economic Development Alliance

**A Model That's Improving The  
Economic Well Being Of  
western Kansas...**



## So...What's wKREDA?

- An idea that materialized in 1994
- Organized because people realized that they couldn't succeed by working alone.
- Everyone was:
  - Suffering from similar problems
  - Experiencing negative demographics
  - In need of a unifying force to succeed



## So...What's wKREDA?

- wKREDA is a coalition of people and organizations in 46 Kansas counties;
- who have decided to pool their resources, both human and financial;
- to work together for the common good of western Kansas.



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## Why A Regional Group?

- **Numbers**
  - Individually, we could not effectively achieve our common goals.
- **Geography**
  - "Distance Deficits"
- **Commonality of Issues**
  - We all have the same problems



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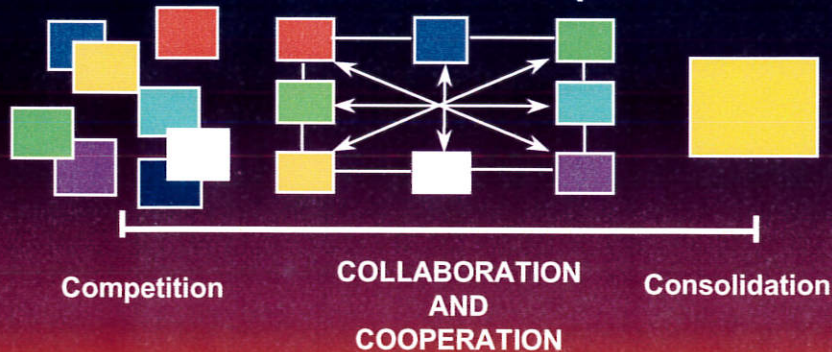
## wKREDA's Goal



- To help many diverse groups come together to work toward common goals and to overcome common challenges that affect the membership.

## wKREDA's Vision

### A Continuum of Cooperation



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## Vision Principles

- Pool our resources; work together!
- Seek positive interaction with others
- Find solutions; don't "whine!"
- More action; less talk!
- Use our own money!



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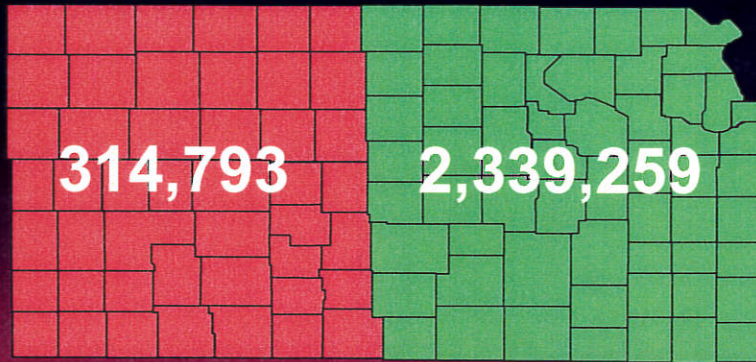
## Common Issues Among Us. .

- Water
- Population Decline
- Stable Tax Policy
- Eroding Tax Base
- Job Opportunities
- Broadband Access
- "Distance Deficit"
- Schools
- Housing
- Rural Health Care
- Transportation
- Aging Population
- Exodus of our Youth
- Unfunded Mandates



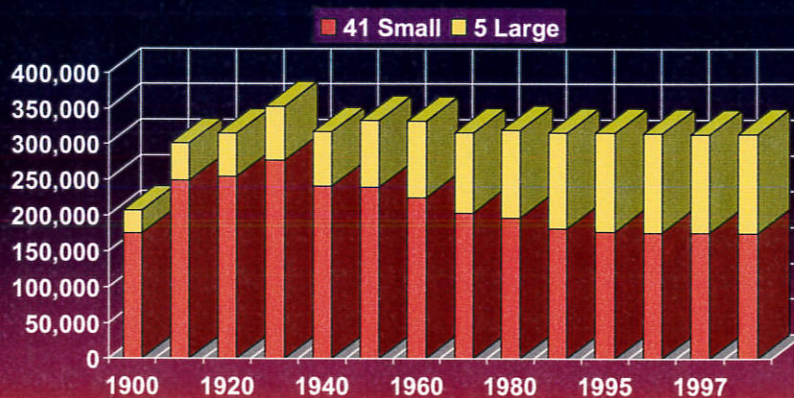
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## Numbers That Matter . . .



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## Total Population



5 Large Counties are Barton, Ellis, Finney, Ford & Seward

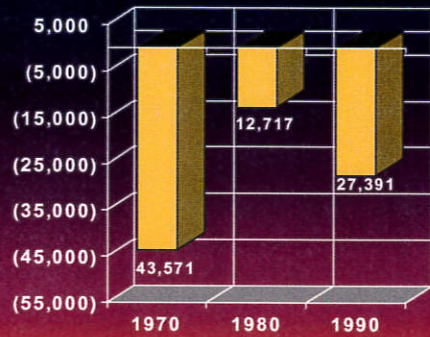


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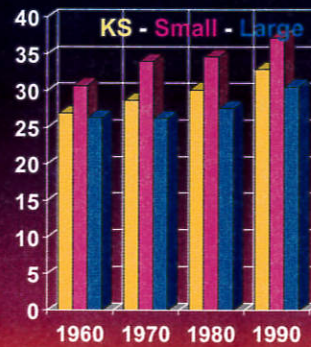


# Population Changes

## Net Migration

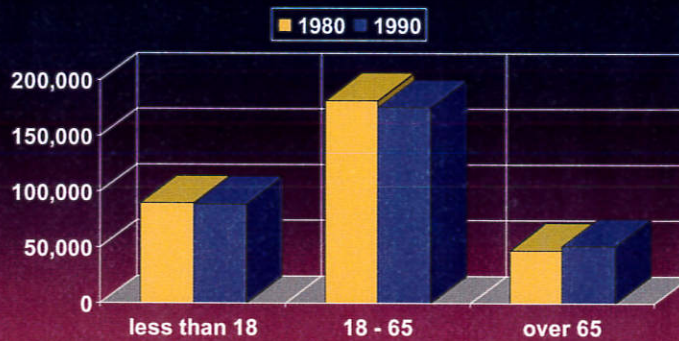


## Median Age



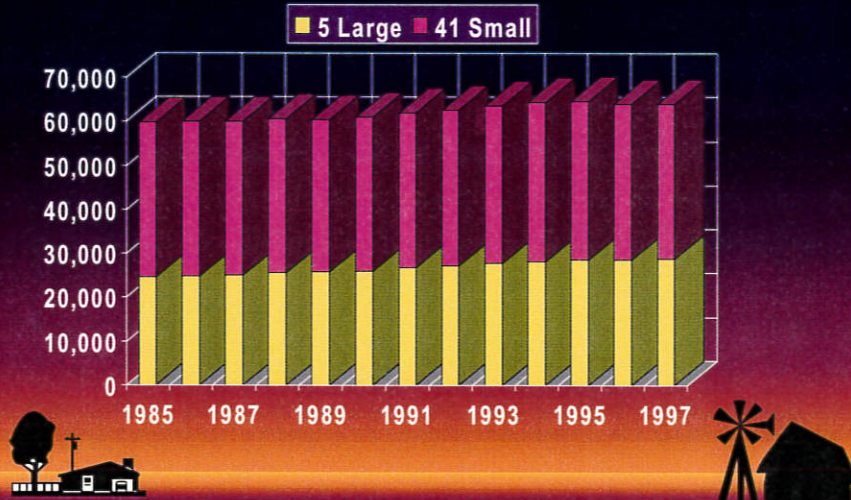
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# Population Makeup



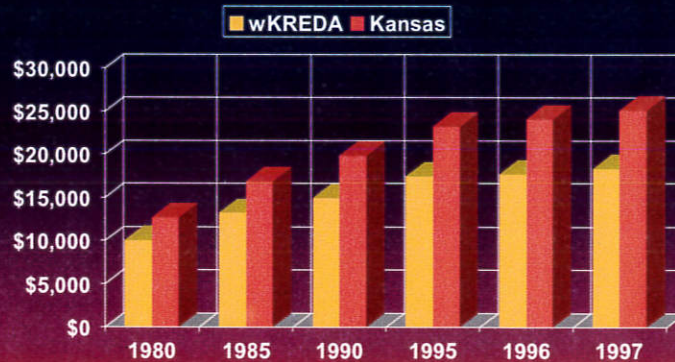
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## K-12 Enrollment



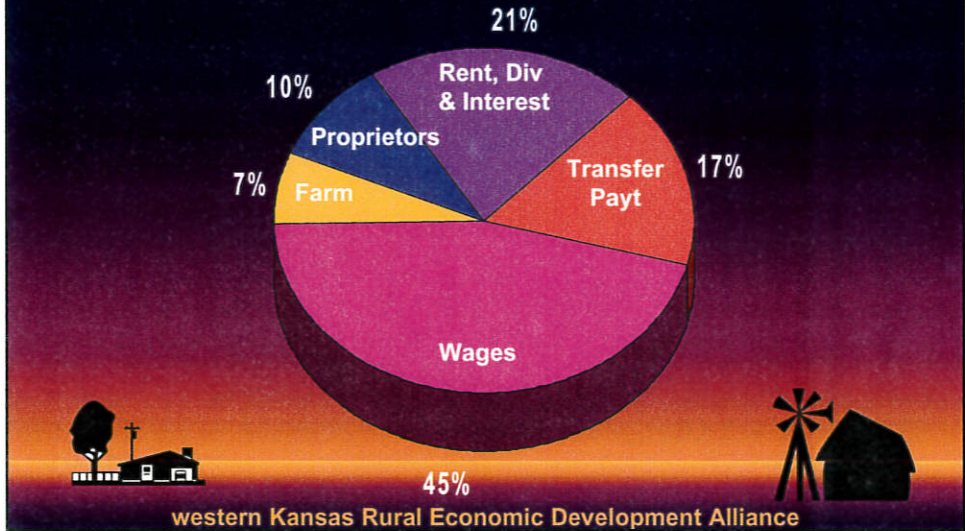
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## Average Wage per Job

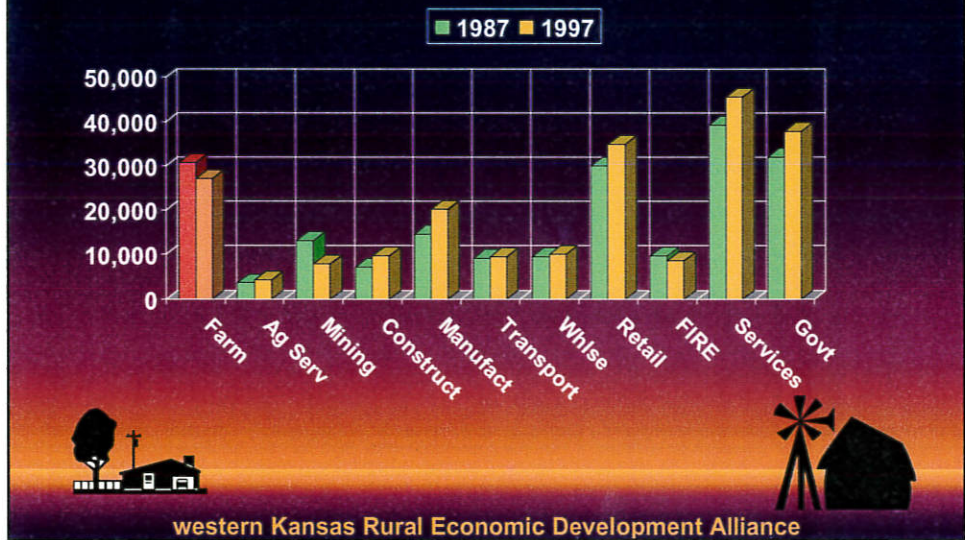


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## Total Personal Income - 1997



## Business Employment



## wKREDA's Governance

- **12 Member Board**
  - 6 from nwKS
  - 6 from swKS
- **Officers**
  - President
  - Vice President
  - Secretary
  - Treasurer
- **Committees**
  - Business Dev
  - Legislative
  - Education
  - Public Relations



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## Business Development

- **Exhibit at Trade Shows**
- **Dairy Development Missions**
- **Host National Dairy Conference**
- **Work with other prospects**



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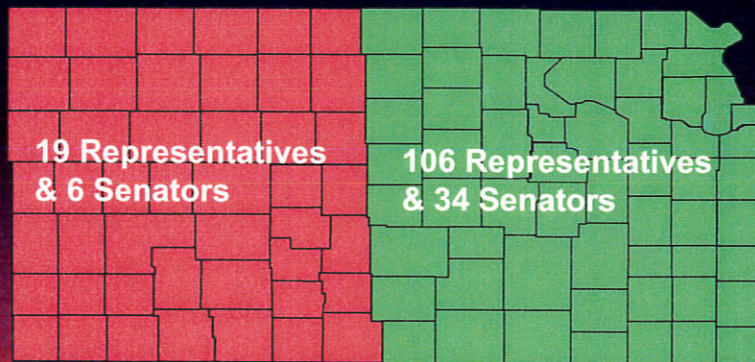
## Legislative

- Annual Legislative Mission
- Legislative & Policy Priorities
- Candidate Surveys
- Election Reporting



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## Political Numbers That Matter . . .



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## Education

- **Community Development (CD) 101 Seminars**
- Mentor Program
- School Finance
- Enterprise Zones
- Tax Credits & Abatement
- Corporate Farming
- Website Design
- Trade Show Promotion
- Working with local Boards



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## Technology Resources

- **Web Site ([www.wkreda.com](http://www.wkreda.com))**
  - Committee & Meeting minutes
  - One-button e-mail
  - Member websites
  - City and County information
  - Online brochures
  - State level database access
  - Member directories



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## Who's Involved with wKREDA?

- ED Corp.
- Utilities
- Chambers
- Banks
- Cities/Counties
- Private Business
- Docking Institute
- Huck Boyd
- SBDC / 2 CDCs
- KDOC/H
- KS Dairy Assoc
- USDA - KS



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## Our Core Beliefs!

- Think about WE not me!
- Every member must establish their own hopes and dreams.
- Our job is to help them achieve those goals!



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## Lessons We've Learned!

- **WE** must work with each other!
- **WE** are worth our investment!
- **WE** are responsible for our future!



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*western Kansans Working Together*



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## **WORKING TOGETHER**

wKREDA was formed around the philosophy that if we as western Kansans are all going to maximize our opportunities for economic growth and preserve of our "rural lifestyle", we must find innovative ways to work together!

We look forward to the opportunity to work with the Administration and the Legislature to find new ways to improve the way government provides services for Kansas taxpayers.

## **KANSAS LOTTERY**

### **What is the Issue?**

The lottery is scheduled to sunset in 2002 thereby causing the state to loose several million dollars for funding certain initiatives.

### **wKREDA's Position**

Revenue from the Kansas Lottery has funded economic development through the Economic Development Initiative Fund. wKREDA believes it is imperative these funds continue to be available for economic development. We support the continuation of the Kansas Lottery.

## **EDIF FUNDS**

### **What is the Issue?**

When the Kansas Lottery was approved by the voters of Kansas, 90% of the new lottery funds were earmarked for economic development. Since then, the Economic Development Funds have been capped at \$50 million. Furthermore, during each Legislative session the \$50 million lottery fund comes under attack from both outside and within the Kansas Legislature.

### **wKREDA's Position**

The EDIF funds must be protected and supported for use in pure economic development projects and programs as prescribed by the Kansas Department of Commerce & Housing. The Kansas Legislature must continue its oversight role in monitoring the programs, questioning their effectiveness, and ensuring they are being equally administered to rural and urban Kansas. In addition, EDIF funding from the Kansas Lottery should revert back to the 90 percent level as opposed to the \$50 million cap to ensure economic prosperity for all Kansans.

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## **2001 POSITIONS**

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### **SALES TAX ON E-COMMERCE**

#### **What is the Issue?**

Kansans need a sales tax system that does not favor or penalize e-commerce as compared to rural brick and mortar businesses. Current sales tax laws should be applied equally to all businesses in Kansas.

#### **wKREDA's Position**

wKREDA supports a sales tax system that is equitable for rural brick and mortar businesses and maintains an adequate source of revenue for our local communities and the State of Kansas.

wKREDA also supports enforcement of current laws concerning use tax.

### **ETHANOL**

#### **What is the Issue?**

With 325,258,000 bushels of corn grown within wKREDA boundaries, the potential for making value-added products, like ethanol and other alternative fuels, is significant. These new products will help agriculture, and could yield other by-products marketable as feed sources.

#### **wKREDA's Position**

wKREDA believes value added agriculture and alternative fuels must be supported with financial, technical and tax incentive assistance.

### **BUSINESS LOAN FEES/TAX CREDIT**

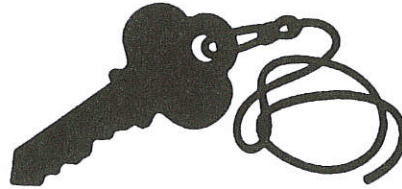
#### **What is the Issue?**

The previous administration has nearly doubled the loan fees on Small Business Administration loans over the last several years. The fee on a SBA guarantee of \$750,000 would cost a small business over \$25,000.

#### **wKREDA's Position**

wKREDA supports the concept discussed last year giving small businesses a Kansas Income Tax Credit equal to loan fees incurred on federally supported programs. This minimal cost to Kansas will decrease the cash flow requirements and enhance the viability of these small start-up businesses in Kansas.

# DONIPHAN COUNTY IS OPEN FOR BUSINESS



January 31, 2001

**TO:** Senate Commerce Committee

**FROM:** Janice Walker, Executive Director  
Doniphan County Economic Development Commission

**RE:** Economic Development in Rural Kansas

Thank you for giving me an opportunity to share with you some of the challenges and successes I have experienced as a rural economic development professional in rural Northeast Kansas – particularly in Doniphan County.

Doniphan County is rural – in its dependence on agriculture and in its lifestyle. The county doesn't have a single large city, but rather many small towns that grew up along the river and railroads. This is a challenge in that we have no large "retail" center, and an even greater problem when you consider we are just across the river from St. Joseph, Missouri and within one hour of Kansas City.

## **No Retail Centers – Low Sales Tax Revenue**

Because of our location, it is difficult for us to support commercial and retail businesses within the county. Families today are on the move and they tend to shop where they can buy groceries, do their banking, buy clothing, drop off their cleaning and see to all their everyday needs with one stop. This creates a real problem for rural America for without commercial and retail businesses, sales tax revenues are low. This hampers our ability to reinvest in our communities and our county.

## **Loss of Population and Housing Shortage**

This brings us to another problem in rural Kansas – we lost population during the 70's and 80's – and it was predicted that between 1990 and 2000, we would be down another

Senate Commerce Committee  
January 31, 2001  
Attachment 2-1

Doniphan County Economic Development Commission  
P.O. Box 325 ■ Elwood, Kansas 66024 ■ 913-365-2604 ■ F

12%. Well, I'm happy to say that didn't happen. We did not lose population – we even are beginning to show improvement.

In fact, Northeast Kansas is experiencing an economic renaissance. Companies are expanding and locating new facilities in our region. Entrepreneurs are taking advantage of our growing economy and starting new companies. But, because of the growth of various industries and the continued popularity of the rural lifestyle, our region continues to face a critical shortage of housing. Because we are a small rural area and have until recently lost population, we lack the homebuilding industry capacity to construct sufficient housing units at an affordable cost.

### **Shortage of Qualified Workers –**

Concurrent with the housing shortage, many of our region's companies have a shortage of qualified workers. Without sufficient housing, these firms will continue to face a shortage of labor, thereby limiting growth of northeast Kansas and the region's contribution to the state economy.

Because of the region's slower economic growth, four of our six northeast counties have passed a Neighborhood Revitalization Plan. Doniphan County adopted a countywide plan that became effective on January 1, 1996. The plan is designed to increase the quality and quantity of housing available and to encourage firms to invest in the region, creating additional employment opportunities.

Since its inception, these four counties and one city have realized over \$70,000,000 in new construction and rehabilitation of existing structures. Doniphan County alone has had logged over \$17,000,000 in project. Over 500 new housing units were started or completed in the five jurisdictions. This compares to a combined annual average of 35-45 units before the Neighborhood Revitalization Act. Over \$20,000,000 has been invested in various commercial, agricultural and industrial expansion and rehabilitation projects, further strengthening the business community so vital to our economy and creating jobs.

### **Small Business Incentive Programs**

Rural areas can contribute more to the state economy if incentive programs are designed which will specifically help rural businesses grow and aid rural communities in attracting economic development.

However, rural communities are made up of small businesses with limited resources. Many have a difficult time utilizing most state incentive programs. Restrictions aren't consistent with what individual communities believe is needed for long-term economic growth in rural Kansas.

For example, many state programs funded with federal Community Development Block Grant (CDBG) funds focus on incentives that are based on low-to-moderate rather than high-income jobs.

Additionally, seed capital for firms at multiple early stages of development is virtually non-existent in Kansas today. The lack of available funding for entrepreneurial ventures and product development in Kansas strongly retards our state's ability to retain and grow technology-oriented firms from within our state. The availability of private and public venture capital funds is especially important to younger firms.

### **Advances in Telecommunications Can Help**

An improved telecommunications infrastructure could greatly enhance rural access to the information highway and would result in a more even playing field between urban and rural economies. Businesses would not have to locate in an urban area to have access to the newest technologies.

### **Legislative Support for Economic Development**

The lottery is important because it provides the sole source of funding for much-needed economic development programs in Kansas through the Economic Development Initiatives Fund (EDIF). The EDIF has had a great impact on rural Kansas' ability to develop and implement solutions to address the many challenges that face our communities. And, we believe, that as the State comes to rely more heavily on economic growth to fund increases in the state budget, investment in economic development programs is absolutely essential.

**2000 NEIGHBORHOOD REVITALIZATION SUMMARY  
DONIPHAN COUNTY, KANSAS**

<b>A.</b>	<b>Total Applications</b>	<b>71</b>
<b>B.</b>	<b>Rejected Applications</b>	<b>0</b>
<b>C.</b>	<b>Applications in Limbo (Taxes Not Filed)</b>	<b>1</b>
<b>D.</b>	<b>Projects Abandoned</b>	<b>0</b>
<b>E.</b>	<b>Residential Projects (61)</b>	<b>\$ 3,286,717</b>
<b>F.</b>	<b>Commercial Projects (4)</b>	<b>145,000</b>
<b>G.</b>	<b>Agricultural Projects (5)</b>	<b>120,799</b>
<b>H.</b>	<b>Other Projects (1)</b>	<b>10,000</b>
<b>I.</b>	<b>Total/All Projects</b>	<b>\$ 3,582,516</b>
<b>J.</b>	<b>Homes Completed/Started in 2000</b>	<b>21</b>
<b>K.</b>	<b>Homes to be Started in 2001 (Ones talked to us or completed an application, but have not started)</b>	<b>9</b>

**TOTAL OF ALL PROJECTS (1996 – 2000)**

	<b>1996</b>	<b>\$3,802,958.00</b>
	<b>1997</b>	<b>\$2,911,842.00</b>
	<b>1998</b>	<b>\$3,040,738.31</b>
	<b>1999</b>	<b>\$4,053,693.25</b>
	<b>2000</b>	<b>\$3,582,516.00</b>
	<b>GRAND TOTAL</b>	<b>\$17,371,748.56</b>

Senate Commerce Committee  
Senator Karin Brownlee, Chair  
January 31, 2001

Presented by Carol Wiebe from Hillsboro, population 3,400 located 50 miles north of Wichita.

(Activities relevant to today's testimony)

- \* Economic Development Director, Hillsboro Development Corp. since 1981
- \* Charter member of Kansas Technology Enterprise Corp., Board member for nine years, and past chairman.
- \* Charter member of Kansas Industrial Developers Association, past board member, past Chairman of the Board.
- \* Serving a third term on Kansas Chamber of Commerce and Industry Board

Senator Brownlee and committee members:

Thank you for the opportunity to share comments about Hillsboro, a conservative but progressive community in central Kansas. Our Main Street has no empty buildings. Our manufacturing sector experienced growth and expansion this past year, and we are looking forward to an equally prosperous year ahead.

In 1969 a very forward thinking group of gentleman acknowledged the fact that in order for Hillsboro to remain strong we needed to supplement the agribusiness sector of our area. They sought outside expertise and succeeded in forming a for profit development corporation, invested their own dollars, sold stock, and purchased 160 acre industrial park. The park has provided a home for a number of industries. The infrastructure development was aided with dollars from then Farmers Home Administration and the Ozark Regional Commission.

Through the years Hillsboro has maintained a partnership with the Kansas Department of Commerce and has participated in innumerable activities with them. In the early years of the community improvement program, P.R.I.D.E., Hillsboro entered and was active for a number of years. We consistently won top awards which included financial prizes, as well as the SWEEPSTAKES winner, and several PACEMAKER awards.

Hillsboro was the first community to be receive a Distinguished Community Award, from the Department of Commerce. The competition was statewide and acknowledged the fact that in addition to building your own community you exhibited outreach to assist others.

The alliance we have had with the department through the years and the first name basis with the department heads has been advantageous to us in many ways. The various Secretary of Commerce appointees have always been available to come to Hillsboro and assist us in a number of ways. This past year Secretary Gary Sherrer accepted our invitation to speak at the opening of our new County Haven Motel. Although this is not a huge industry, as compared to metropolitan areas, it was a project we had sought for some time and was a major accomplishment. The Secretary recognized it as such and took the time to add to our celebration by coming to Hillsboro.

We have participated several times in the departments tours for out of state prospects. We've had memberships in the Kansas Cavalry. Our Convention and Visitors' Bureau is an active participant in Tourism Department's advertising program and activities. The Wichita regional commerce office staff comes to Hillsboro and assists us in a variety of ways, from setting up community profiles on the computer to working together with us and prospects.

The information I have shared so far is to confirm that through these many years that we have worked in economic development we have always considered the Department of Commerce to be our secondary staff. In small communities, such as Hillsboro, we must rely on the support of the department for assistance in a variety of ways. They are but a phone call away and the regional offices put them nearby. We are appreciative of the grants we have received for infrastructure projects. Quality materials are printed for our use and we are pleased to use a wide variety of them, (KANSAS magazine, Kansas maps, KANSAS GET-AWAY guide, etc.)

On Monday of this week a staff person from Topeka journeyed to Hillsboro in stormy weather, to meet with an out of state prospect which we were reviewing. I happen to believe the current leadership and accountability in the department is quite adequate. If a community is critical of the department, it would be, in my opinion, because they have not asked or built the network to be involved with the staff.

Last week I testified before Senator Harrington's committee regarding renewal of the Kansas Lottery which I support. At that time I listed a number of positive projects in this central Kansas area which had been funded by the lottery. A number of programs coordinated by the Department of Commerce, such as Kansas Industrial Training funds, Main Street program and Tourism Grants, which are recipients of the lottery funds are also being used in our area.

Our wish for the future of our community is more people. We have an outstanding array of positives for a rural community. To succeed our retail, restaurants, motel, service and manufacturers need to capture customers from a broader trade area. A major concern is keeping a strong hospital and medical community alive and well. Tabor College is addressing an ambitious program under strong leadership of a new president. All of our manufacturing plants have expanded and built additional space this past year. Sometimes because we are over 2,500 we cannot avail ourselves of certain incentives from the department. Perhaps that population quota could be a bit higher.

We will continue to look to the Department of Commerce for advice and counsel so that we may stay strong and prosperous. Our Hillsboro Development Corporation along with a pro-business city governing body recognize the importance of this partnership and will be the leaders in maintaining the alliance.

Hillsboro will continue to rely on the Department of Commerce to assist us throughout the year. Our good working relationship can only aid us as we continue to search for ways to retain the businesses we have and add to them in the future.

Thank You.