

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT.

The meeting was called to order by Chairperson Representative Kenny Wilk at 3:30 p.m. on February 13, 2003, in Room 522-S of the Capitol.

All members were present except: Representative Novascone, Excused  
Representative Hill, Excused  
Representative Boyer, Excused  
Representative Winn, Excused

Committee staff present: April Holman, Legislative Research  
Debra Hollon, Legislative Research  
Rena Jefferies, Revisor of Statutes  
Fulva Seufert, Committee Secretary

Conferees appearing before the committee: Cindy Lash, Legislative Post Audit

Others attending: See list attached

Chairman Wilk called the meeting to order at 3:30 p.m. He reported he had taken the liberty of contacting Dr. Kayne who had suggested a post audit. Dr. Kayne worked with Leo Hafner, Deputy Post Auditor, in suggesting ideas for encouraging entrepreneurship. The end result was the Draft of a Scope Statement which addresses ways Kansas can improve its efforts in encouraging entrepreneurship. Chairman Wilk welcomed Cindy Lash from the Post Audit Department who presented the Scope Statement. This report addressed the following:

- What efforts are made in Kansas to promote entrepreneurship?
- What aspects of Kansas' laws, policies, and programs inhibit entrepreneurship, and what changes may be needed?
- What techniques have other states employed to encourage entrepreneurship that Kansas doesn't use?

Chairman Wilk advised the committee that individuals or committees can submit topics and ask for a post audit, which he said is one of the best kept secrets in the legislature. Post audit works autonomously and is, therefore, a great resource in which all legislators should become familiar. The Chair thanked Ms. Lash for her presentation. (Attachment 1).

Chairman Wilk said that he would like the Scope Statement to become a Committee request. He also stated that he thinks the Scope Statement is probably the most important part of an audit.

Representative Gordon made a motion for a Committee request to be submitted to Post Audit. Representative Kuether seconded. Motion carried.

Chairman Wilk said he will attach a letter and attend the next meeting of Post Audit to support the Economic Development Committee request. The next meeting of Post Audit will be February 26, 2003, at 12:00 p.m. in Room 519-S.

Representative Huntington made a motion to approve the minutes of the February 11, 2003, meeting. Representative O'Malley seconded. Motion carried.

The Chairman announced that the next meeting would be Tuesday, February 18, 2003, at which time hearings will be held on the following: **HB 2289, HB 2335, HB 2365, and ERO 30.**

The meeting adjourned at 4:15 p.m.



**DRAFT**  
**SCOPE STATEMENT**

**Encouraging Entrepreneurship: Examining Ways  
Kansas Could Improve Its Efforts**

Kansas has three main economic development agencies: Kansas Inc., which was created by the 1986 Legislature to oversee, evaluate, and plan economic development activities in Kansas, the Department of Commerce and Housing, which focuses on expanding the Kansas economy by attracting new businesses and helping existing businesses expand, and KTEC, which was created by the 1987 Legislature to advance science and technology, and to build partnerships between government and private industry.

Recently, legislators have expressed an interest in knowing whether Kansas is doing enough to encourage those who may want to start their own business enterprises in the State. Specifically, they want to know the extent to which current laws, policies, programs, and expenditures either support or inhibit entrepreneurship in Kansas.

A performance audit of this topic would answer the following questions:

1. **What efforts are made in Kansas to promote entrepreneurship?** Through interviews with officials at the State's three main economic development agencies and reviews of records, we would assemble an inventory of the various programs the State has in place to promote entrepreneurship. We would look at the level of funding provided to these programs in relation to the funding the State provides to economic development programs as a whole. We also would determine whether the State has measures for determining the return it gets from programs aimed at entrepreneurs compared to programs aimed at recruiting or expanding existing businesses. We would look at things such as entrepreneurial education provided through the State's universities and how much funding is provided for those efforts. In addition, we would contact economic development officials in a sample of cities and counties around the State to identify specific programs they have implemented in their areas, how much funding has been committed to those programs, the sources of funding for those programs. We would ask whether they think they have enough flexibility in the funds they receive from the State to implement programs designed to encourage start up businesses.
  
2. **What aspects of Kansas' laws, policies, and programs inhibit entrepreneurship, and what changes may be needed?** To answer this question, we would talk with a wide variety of people including officials of the economic development agencies, experts at State universities, and people who have recently started their own businesses in the State. Through those contacts we would attempt to identify things like laws or policies that are particularly burdensome to entrepreneurs, roadblocks that entrepreneurs encountered in Kansas when they tried to start a business, and types of programs that may need to be beefed up or better publicized. Also we would try to learn the extent to which those who have recently started a new business knew about and took advantage of State or local economic development programs, and what their experiences were during their interactions with economic development

officials. We also would attempt to identify whether there was anything about Kansas' tax or unemployment laws that could inhibit business start-ups.

3. **What techniques have other states employed to encourage entrepreneurship that Kansas doesn't use?** To answer this question we would contact organizations such as the NCSL or national organizations dealing with economic development and research to identify states that have implemented innovative programs and policies aimed at encouraging entrepreneurial activity. We would contact those states to learn more about the specifics of those programs or policies, and whether they might be feasible to implement in Kansas. We would point out programs or policies that other states have found to be particularly successful in encouraging entrepreneurial growth that Kansas doesn't currently use. We also would contact foundations that support entrepreneurs, such as the Kauffman Foundation to determine if they can identify additional things Kansas could do.

**Estimated time to complete:** 12-14 weeks