

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 16, 2003 in Room 123-S of the Capitol.

All members were present except: Senator Dave Kerr, Excused

Committee staff present: April Holman, Legislative Research Department
Debra Hollon, Legislative Research Department
Norman Furse, Revisor of Statutes
Mitch Rice, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee: Lt. Governor John Moore, Secretary of Commerce and Housing

Others attending: See attached list.

Chairperson Brownlee welcomed Lieutenant Governor John Moore, Secretary of Commerce and Housing. Lt. Governor Moore briefed the committee on the Department of Commerce and Housing, and shared his vision for the Department (Attachment 1).

Moore gave his background in commerce. He has partnered with the Department in the past on three projects that created 2,500 jobs. Today, he will speak primarily about the Business Development Division.

It is his job to grow the Kansas economy, and to make certain that an environment exists in which businesses, large and small, can succeed and the jobs they provide can be saved. He wants companies to be able to do business in Kansas easily and successfully.

The state has been involved in keeping Burlington Northern Santa Fe in Kansas and saving jobs with Goodyear. The legislature also decided to invest in research and development at Wichita State University, the University of Kansas, Kansas State University, and Pittsburg State University.

The second priority is to grow existing businesses. Last year, Abbott Labs decided to expand by 150 jobs, and did so in McPherson because of efforts by the city, county, and the Department of Commerce and Housing. The Department also intends to continue to recruit out-of-state businesses. Economic development efforts must be all-inclusive.

Governor's budget has recommended that Kansas, Inc. be collapsed into the Commerce Department. The research component of Kansas, Inc. will be included in the Department.

The Lt. Governor proposes no change with KTECH, but would like to see the existing friction between agencies resolved. The Departments of Commerce and Revenue must work together in talking to businesses about locating in Kansas in order to be successful. Moore believes that all training programs should be consolidated. The state of Georgia consolidated training programs and was chosen by Daimler Chrysler for a new plant. Georgia is investing \$750 million in the new Daimler Chrysler plant. AFL/CIO, policy makers, and Kansas Chamber of Commerce and Industry all support consolidated training.

Existing entities must become part of a focused network. Chambers of Commerce, Economic Development Executives, Small Business Development Centers, and the Regents Institutions must interface formally.

Kansas must assist the Boeing Company. They have to compete against a company that is subsidized by a

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:30 a.m. on January 16, 2003 in Room 123-S of the Capitol.

consortium of European countries. We should talk to our representatives in the federal government to find a policy that will assist Boeing in the development of its next generation of products.

Jetmore, Kansas is losing its multi-generation farm families. The city wants to create a lake that would attract 180,000 visitors per year for water recreation, camping, and fishing, for a state investment of \$3 million. The Sternberg Museum and the Kansas Speedway are excellent examples of projects that attract visitors.

Lieutenant Governor Moore had a question and answer period. Business recruiting, matrix systems, affordable housing, and Kansas, Inc. were discussed.

Chairperson Brownlee thanked Lieutenant Governor Moore for coming.

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

The next meeting is scheduled for January 21, 2003 at 8:30 a.m.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: Thursday, Jan. 16, 2003

NAME	REPRESENTING
Connie Fischer	KDOCAH
Sally Lunsford	KDOCAH
Jul Wilson	KDOCAH
Stenda Owens	KDOCAH
Cindee C. Stallin	KDOCAH
Rae Anne Davis	KDOCAH
John Frederick	Boeing
Gandy Shaw	Kearney and Assoc. Inc
Sarah Eisen	Kearney + Assoc
Bennie Koch	Wichita Area Chamber
Matthew Goddard	Heartland Community Bankers Assoc
Martha Ann Smith	KMHA
John Peterson	Ks Government Consulting
Scott Heider	TIAK
Steve Kelly	KDOCAH
Norma Phillips	KDOCAH
Neal Webb	"
Stephanie Buchanan	DOB

Senate Commerce Committee

January 16, 2003

- As Lt.Gov/Secretary of Commerce & Housing
 - Grow the Kansas economy
 - An Environment - Businesses succeed
- Make Certain Companies - large & small can do business easily and successfully
- Toward growing the Kansas economy
 - Retain current companies & jobs
 - BNSF
 - Goodyear -
 - Reasearch & Development funds appropriated
 - KU - Great commercialize upside
 - WSU - NIAR - Support a critical industry
 - Grow existing businesses
 - Cities/Counties often take for granted
 - McPherson an exception
 - Recruit new businesses to Kansas
17 over 100 Jobs - 2 years
 - Ways Commerce can help
 - Evaluate potential before the fact
 - Advise cities not selected why
 - Cessna 1994
Emporia, Hays, Manhattan
 - Cities & Counties must be aggressive
Provide/Performance Based/Return
 - Must be inclusive
3 of final 5 - State Legislators
- The Mission & Impact of every state agency in the area of Economic Development must be examined to assure a common vision and dedicated collaboration
- Commerce, KTEC, Kansas Inc
- Governor's Budget Proposes Kansas, Inc be collapsed into Commerce

Senate Commerce Committee
1-16-03
Attachment 1-1

- Critical Mass - Research
 - Senator Kerr's concern - Evaluate itself
- KTEC - No change
- I serve on both Boards
- What resolution - We will work cooperatively
- Cabinets must work together and not create uncertainty in company's planning
 - Commerce and Revenue
- I believe too many agencies have responsibility for a critical component of eco devo
 - Work Force Development
- I would consolidate all workforce development in one place - Commerce
- Influenced By Georgia
 - 34 Technical Colleges in Technical & Adult Training Division - To Board
-To Governor
 - Quick Start
 - 750M Daimler/Chrysler plant in Savannah
- Missouri has consolidated
- Governors of New Jersey & Virginia have proposed
- In Kansas - unsure of costs
 - 75% of dollars paid by Commerce for training go to vendors
 - Regents & Commerce do not interface
 - In parts of the state WIA has increased admin costs 23%
 - Rarely does one organization administer & deliver
 - KTTI example
 - Eco Devo Directors - extremely hard to Access
 - KTTI example
- Everyone - KCCI/AFL-CIO/Policy makers agrees with this
- Other cabinet secretaries will assist
- Some other thoughts
- We must have existing entities become part of a focused network
 - Chambers of Commerce - KCCI-New Leadership
 - Economic Development Executives
 - Small Business Development Centers

- Where ideas become businesses
 - Regents Institutions
- Must try to assist Boeing
 - Airbus
- Must judiciously avoid a bias against sales tax exemption income tax credits
- We must realize the potential that Travel & Tourism has but has never achieved
 - Funding - efforts last year w/SIC Codes
 - Infrastructure investments
 - Horse Thief Reservoir
- We must have an on purpose plan for rural Kansas
 - Broad band availability
 - Enterprise facilitation
 - Work with KREDA
 - Western Kansas Regional Economic Dev. Ass.
 - 47 western Kansas counties
- Must Give our commissions a chance
- I will ask for a legislative resolution which encourages normalization of relation with Cuba
 - 900M to 1.5B
 - Frustrations
- Finally we must have return on investment desired outcomes for all economic development initiatives
- Relationship with this and other committees