

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on January 23, 2006 in Room 241-N of the Capitol.

All members were present except:

Broderick Henderson- excused
Delia Garcia- excused
L. Candy Ruff- excused
Mike Burgess- excused
Mike Kiegerl- excused
Patricia Kilpatrick- excused
Scott Schwab- excused
Stephanie Sharp- excused
Terrie Huntington- excused
Ty Masterson- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Renaë Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:

Howard Fricke, Secretary, Department of Commerce

Others attending:

See attached list.

The Chairman apologized that the President didn't clear his schedule with him and therefore one-half of the committee was in Manhattan.

The Chairman stated it is our privilege to have Secretary Fricke from the Department of Commerce brief the committee on the activities of the agency.

Secretary Fricke stated Kansas has experienced 20 straight months of job growth. More Kansans are working today than at any other point in our history. In the past year the Department of Commerce has been involved with projects such as Capital One which is bringing 750 new jobs to Kansas; Farmers Insurance Group is expanding its 280 person facility and adding 480 new jobs; InfoNxx is bringing 940 new jobs and making a capital investment of \$16 million in Wichita. The Department has also participated in retention projects such as Applebee's and Sprint Aerosystems to ensure that Kansas companies remain in Kansas and employing Kansans.

The Department is comprised of five programmatic divisions, The Kansas Commission on Disability Concerns and operational support.

Total budgeted expenditures in fiscal year 2006 exceed \$107 million. The largest division is the Business Development Division which includes the Kansas 1st workforce development initiative's \$63 million.

The vast majority of Commerce expenditures are passed through to communities and businesses in the form of loans or grants; or to other agencies such as the Center for Entrepreneurship, the Small Business Development Centers or Certified Development Companies.

In FY 2007, the Governor does recommend some additional SGF for special initiatives; not for operational support of the Department. The total recommended expenditures of \$110.4 million, including \$5.2 million SGF and \$15.9 million EDIF. The major changes are: (1) energy grants and loans - \$4 million administered by the Kansas Housing Resources Corporation, (2) \$225,000 for continuation of BRAC efforts and (3) \$1.25 million for after school grants.

Business development is a major activity of all of our divisions. Commerce was involved in twenty-seven

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on January 23, 2006 in Room 241-N of the Capitol.

successful business locations, expansions, and retentions, encompassing more than \$358 million in capital investment and 5,533 jobs over the past year. Commerce worked closely with other organizations to modernize Workforce Development through Kansas 1st. The agency has provided significant financial support to the emerging biofuels industry from the Ag, Community Development and Business Development Divisions including loans for feasibility studies, business plans, equity drives, infrastructure improvements and job training.

International business and trade are a vital component of the Kansas economy. Commerce has worked to promote agritourism within the state, and there are now 173 registered operators in Kansas. One of the results of this effort has been a resurgence of the wine and grape industry. There are 13 native wineries producing more than 50,000 gallons of wine, totaling nearly \$1.2 million in sales (See Attachment 1).

Representative Grant requested BRAC information which will be sent to the Chairman.

The meeting adjourned at 9:35 a.m. and the next meeting will be January 24, 2006.




KANSAS

Department of Commerce


Agency Overview

Presented to
the House Committee on Commerce & Labor
January 23, 2006



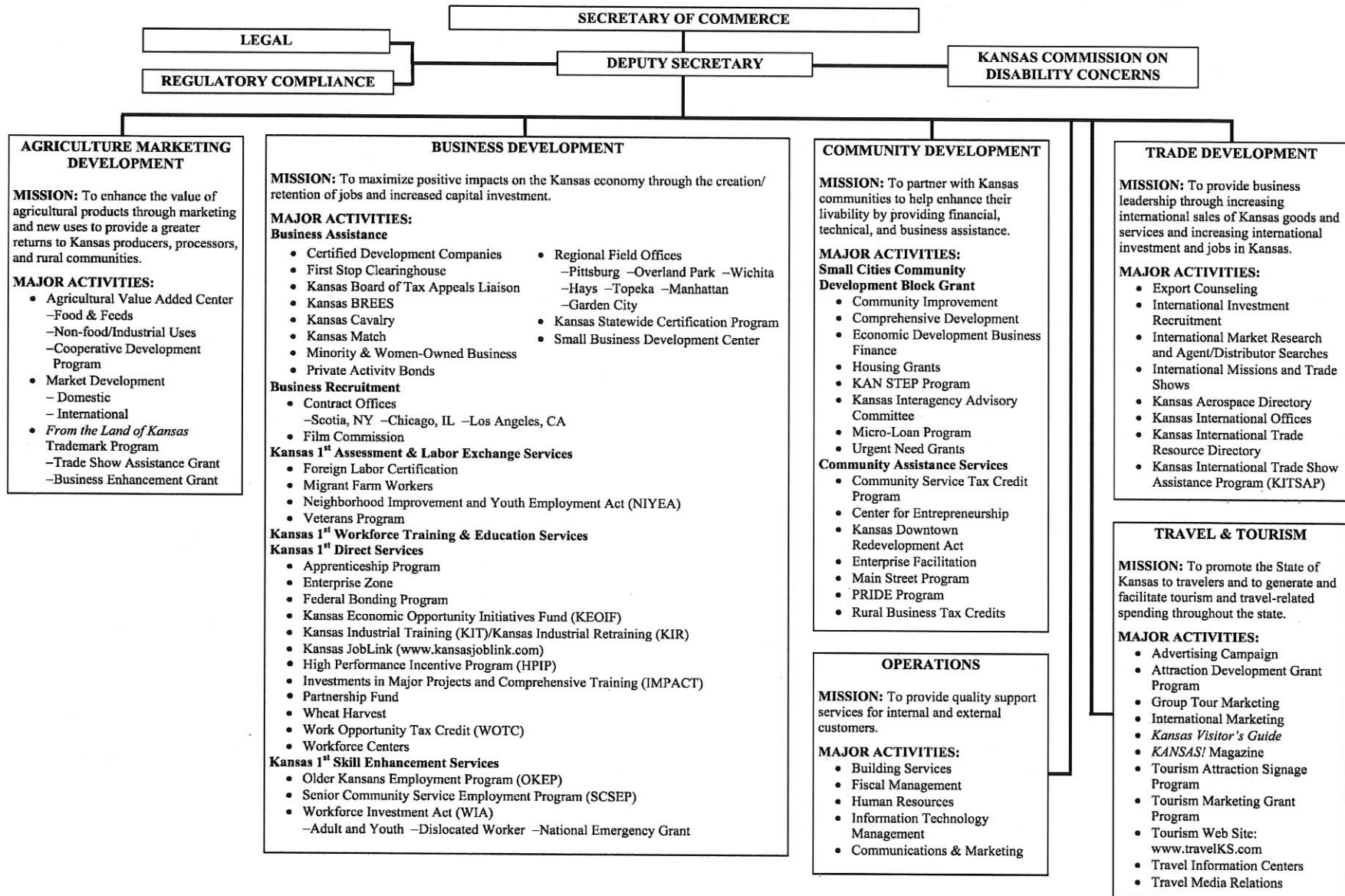
Mission Statement

To empower individuals, businesses and
communities to realize prosperity in Kansas



Commerce¹ Labor
1-23-06
Atch #1

KANSAS DEPARTMENT OF COMMERCE



AGRICULTURE MARKETING DEVELOPMENT

MISSION: To enhance the value of agricultural products through marketing and new uses to provide a greater returns to Kansas producers, processors, and rural communities.

MAJOR ACTIVITIES:

- Agricultural Value Added Center
 - Food & Feeds
 - Non-food/Industrial Uses
 - Cooperative Development Program
- Market Development
 - Domestic
 - International
- *From the Land of Kansas* Trademark Program
 - Trade Show Assistance Grant
 - Business Enhancement Grant

BUSINESS DEVELOPMENT

MISSION: To maximize positive impacts on the Kansas economy through the creation/retention of jobs and increased capital investment.

MAJOR ACTIVITIES:

Business Assistance

- Certified Development Companies
- First Stop Clearinghouse
- Kansas Board of Tax Appeals Liaison
- Kansas BREES
- Kansas Cavalry
- Kansas Match
- Minority & Women-Owned Business
- Private Activity Bonds
- Regional Field Offices
 - Pittsburg –Overland Park –Wichita
 - Hays –Topeka –Manhattan
 - Garden City
- Kansas Statewide Certification Program
- Small Business Development Center

Business Recruitment

- Contract Offices
 - Scotia, NY –Chicago, IL –Los Angeles, CA
- Film Commission

Kansas 1st Assessment & Labor Exchange Services

- Foreign Labor Certification
- Migrant Farm Workers
- Neighborhood Improvement and Youth Employment Act (NIYEA)
- Veterans Program

Kansas 1st Workforce Training & Education Services

Kansas 1st Direct Services

- Apprenticeship Program
- Enterprise Zone
- Federal Bonding Program
- Kansas Economic Opportunity Initiatives Fund (KEOIF)
- Kansas Industrial Training (KIT)/Kansas Industrial Retraining (KIR)
- Kansas JobLink (www.kansasjoblink.com)
- High Performance Incentive Program (HPIP)
- Investments in Major Projects and Comprehensive Training (IMPACT)
- Partnership Fund
- Wheat Harvest
- Work Opportunity Tax Credit (WOTC)
- Workforce Centers

Kansas 1st Skill Enhancement Services

- Older Kansans Employment Program (OKEP)
- Senior Community Service Employment Program (SCSEP)
- Workforce Investment Act (WIA)
 - Adult and Youth –Dislocated Worker –National Emergency Grant

COMMUNITY DEVELOPMENT

MISSION: To partner with Kansas communities to help enhance their livability by providing financial, technical, and business assistance.

MAJOR ACTIVITIES:

Small Cities Community Development Block Grant

- Community Improvement
- Comprehensive Development
- Economic Development Business Finance
- Housing Grants
- KAN STEP Program
- Kansas Interagency Advisory Committee
- Micro-Loan Program
- Urgent Need Grants

Community Assistance Services

- Community Service Tax Credit Program
- Center for Entrepreneurship
- Kansas Downtown Redevelopment Act
- Enterprise Facilitation
- Main Street Program
- PRIDE Program
- Rural Business Tax Credits

OPERATIONS

MISSION: To provide quality support services for internal and external customers.

MAJOR ACTIVITIES:

- Building Services
- Fiscal Management
- Human Resources
- Information Technology Management
- Communications & Marketing

TRADE DEVELOPMENT

MISSION: To provide business leadership through increasing international sales of Kansas goods and services and increasing international investment and jobs in Kansas.

MAJOR ACTIVITIES:

- Export Counseling
- International Investment Recruitment
- International Market Research and Agent/Distributor Searches
- International Missions and Trade Shows
- Kansas Aerospace Directory
- Kansas International Offices
- Kansas International Trade Resource Directory
- Kansas International Trade Show Assistance Program (KITSAP)

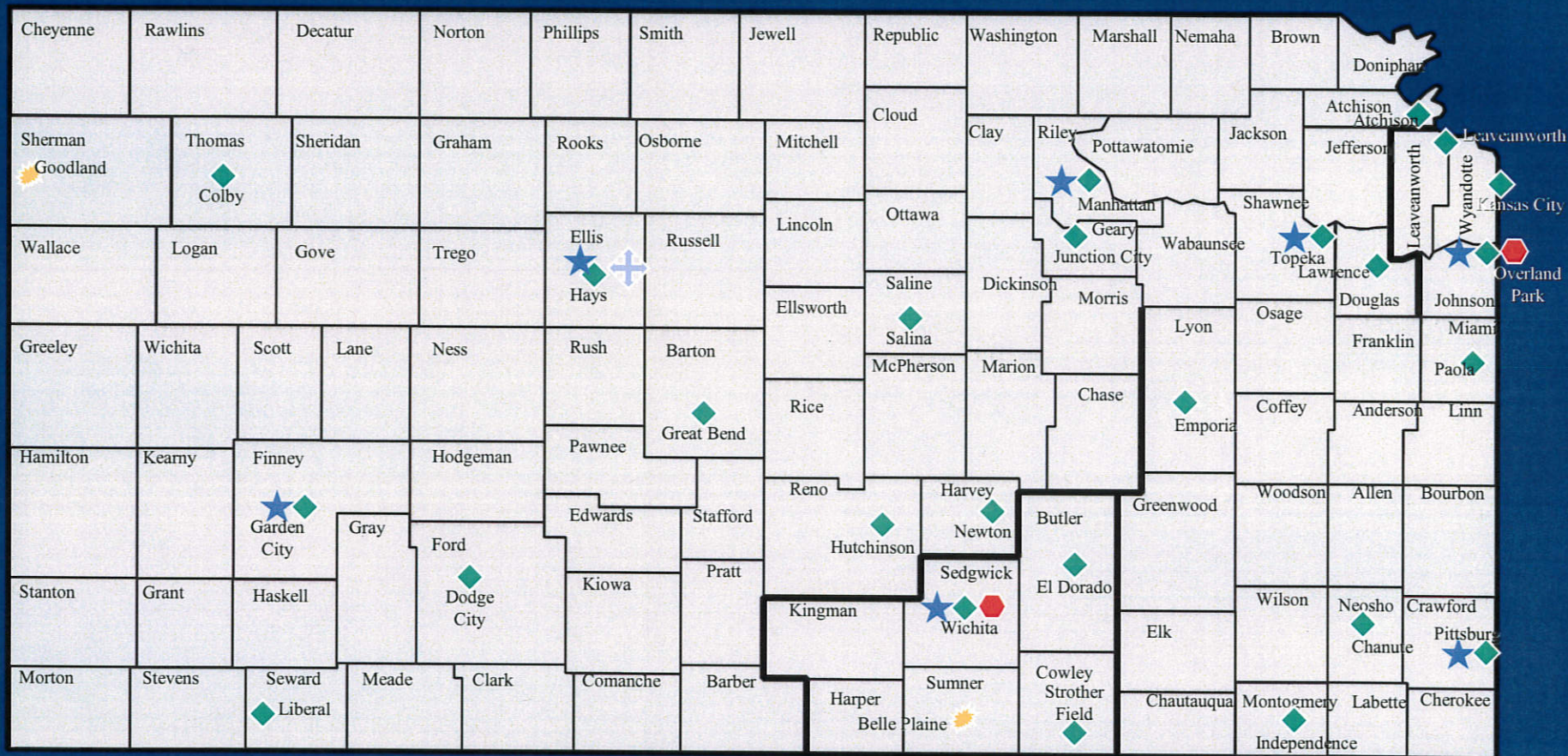
TRAVEL & TOURISM

MISSION: To promote the State of Kansas to travelers and to generate and facilitate tourism and travel-related spending throughout the state.

MAJOR ACTIVITIES:

- Advertising Campaign
- Attraction Development Grant Program
- Group Tour Marketing
- International Marketing
- *Kansas Visitor's Guide*
- *KANSAS!* Magazine
- Tourism Attraction Signage Program
- Tourism Marketing Grant Program
- Tourism Web Site: www.travelKS.com
- Travel Information Centers
- Travel Media Relations

Commerce Field Offices



Business Development Field Office



Travel Information Center



Community Development Field Office



Trade Development Field Office



Workforce Centers

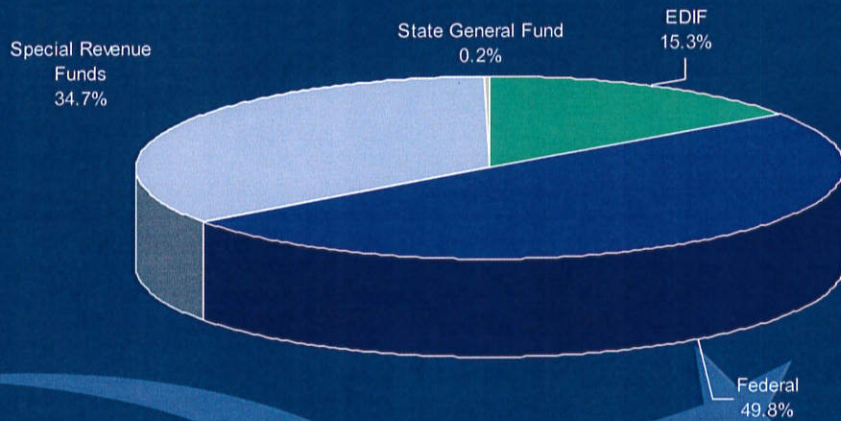
Kansas National and International Offices



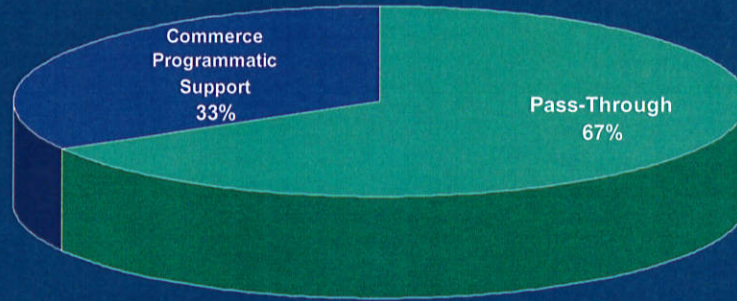
West Coast Office — Los Angeles
Great Lakes Office — Chicago
East Coast Office — New York
Europe Office — London

Mexico Office — Mexico City
Japan Office — Tokyo
Taiwan Office — Taipei
China Office — Beijing

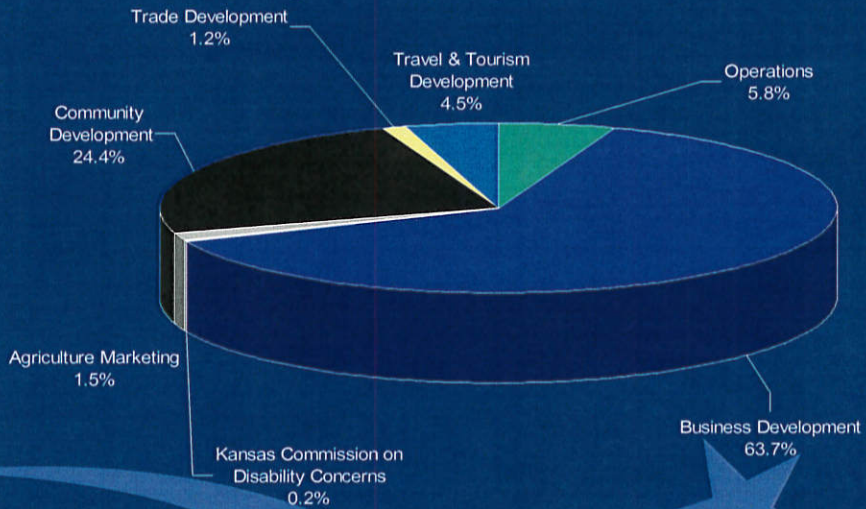
FY 2006 Revenue Sources



FY 2006 Expenditures by Category



FY 2006 Expenditures by Division



Total Expenditures: \$107.5 million

FY 2007 Governor's Budget Recommendation

Total Recommended Expenditures of \$110.4 million, including \$5.2 million SGF and \$15.9 million EDIF

- Generally maintains current program levels

Major changes:

- Energy Grants and Loans
 - \$4 million administered by the Kansas Housing Resources Corporation
- \$225,000 for continuation of BRAC efforts
- \$1.25 million for after school grants

Agency Initiatives

- ✓ Business Development
- ✓ Kansas 1st
- ✓ Biofuels
- ✓ China Mission – new Beijing Office
- ✓ Kansas...as big as you think
- ✓ Flint Hills
- ✓ Agritourism
- ✓ 2005 Prosperity Summit

KANSAS
DEPARTMENT OF COMMERCE

FISCAL YEAR
2005 Annual
Report

www.kansascommerce.com