

Approved: 1-29-07

Date

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 P.M. on January 22, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department
Hank Avila, Kansas Legislative Research Department
Jason Long, Revisor of Statutes
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

Patty Clark, Deputy Sec., Ks Dept. Of Commerce

The Chair called the Committee's attention to the minutes of January 9, 16, 17 and 18.

A motion was made by Representative Worley and seconded by Representative Craft to approve these minutes. The motion passed on a voice vote.

A motion was made by Representative Winn and seconded by Representative Treaster to introduce a bill that would raise the hourly minimum wage to \$5.15. The motion passed on a voice vote.

Kathie Sparks gave an overview of **HB 2004 and HB 2005** and explained each bill.

Questions and answers followed.

The Chair spoke of what she interpreted the functions of the Economic Development and Tourism to be. She asked for any input on what the Committee felt the correct policies should be.

Patty Clark addressed the Committee in regard to the challenges facing rural Kansas. (Attachment 1).

Questions and answers followed.

The Committee's attention was called to the written only testimony of Terry Holdren of KS Farm Bureau in support of **HB 2004**. (Attachment 2).

The hearings on **HB 2004 and HB 2004** were closed.

Discussion was opened on **HB 2005**.

A motion was made by Representative Flaharty and seconded by Representative Hayzlett to put **HB 2005** on the consent calendar. The motion passed on a voice vote.

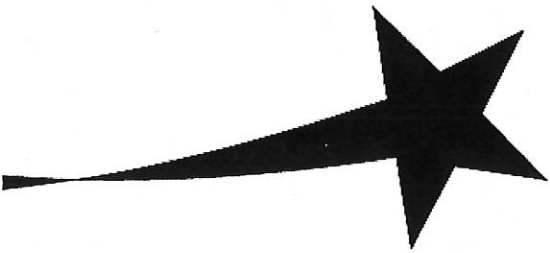
The meeting was adjourned at 4:45 p.m. The next meeting is scheduled for Tuesday, January 23, 2007.



KANSAS

DEPARTMENT OF COMMERCE

Steve Kelly, Acting Secretary

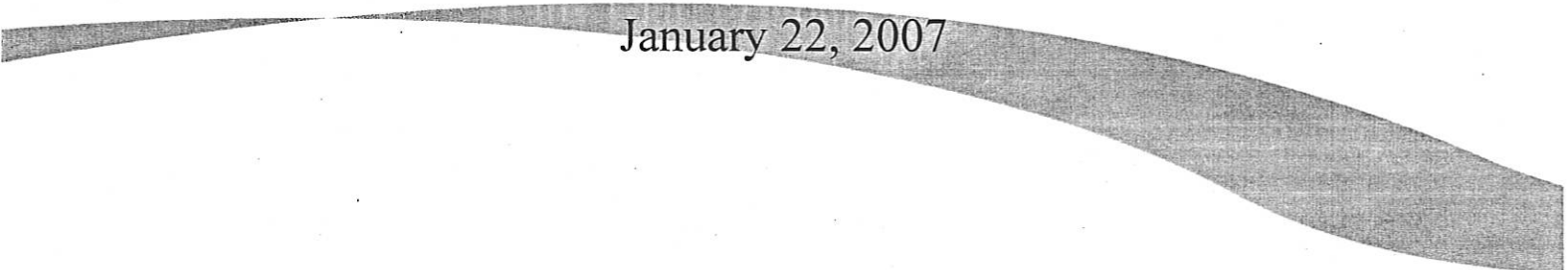


House Economic Development & Tourism Committee

Presentation by:

Patty Clark, Deputy Secretary

January 22, 2007



For more information on this topic contact:

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www.kansascommerce.com Economic Development & Tourism

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Attachment # 1-1



Kansas Rural Development Initiative

The challenges facing rural Kansas have been well documented through demographic studies, out-migration trend analysis, rural development organizations and even documentary films. At times, these challenges have seemed so daunting that developing a roadmap for recovery appeared improbable.

In the last four years we have benefited greatly from the concepts and priorities identified by the Governor's Rural Life Task Force. We have gained further insights through our joint experiences with the Governor's Pilot Communities of Smith Center, Onaga and the communities of eastern Cowley County known as ABCDE. In addition, we have had the opportunity to learn from successful rural initiatives as they take root in other rural states and we have absorbed lessons from the support we provided to Kansas communities who undertook strategic planning processes to build a new vision for rural Kansas.

We have learned that rural community development is a PROCESS, not a specific program or set of programs. That process involves capacity building, strategic planning, enhanced quality of life, education, governance and health care...as well as infrastructure improvements and innovative approaches to business and economic development. The process must also institutionalize an improved program delivery system that eliminates confusion and provides seamless access to all state and federal agencies and organizations that offer programs of assistance to rural areas.

Based on what we have learned, we hope achieve a series of budget enhancements that reinstate funding for some existing and proven programs as well as provide new funding for some new programs. We also hope to create a new Office of Rural Opportunity to bring greater focus and attention to the needs of our rural communities. The Office of Rural Opportunity will not reside solely in Topeka but be staffed through regional offices to help ensure a bottom-up rather than a top-down approach to rural development. The Office will be an advocate for rural issues, will help streamline delivery

of programs of assistance, and will provide resources for communities and regions to build the strategic capacity necessary to address the challenges and find a way forward.

The features of this new rural initiative include:

1. New funding for the creation and staffing of the Office for Rural Opportunity - \$300,000 budget enhancement/Commerce
 - Staff and offices will be located in rural areas under the administration of the Kansas Department of Commerce
 - Staff will act as a bridge to all programs of assistance for rural communities and liaison to other state and federal agencies and organizations
 - Staff will connect communities and regions to strategic planning resources and capacity building programs
 - Staff will develop and maintain a website to market the attributes of rural Kansas to new and existing businesses, retirees, young families and ex-patriots
 - Staff will assist communities and regions to plan business development “opportunity zones” to take advantage of weighted incentives achieved through tax reform legislation introduced by the administration

2. New funding for Capacity Building and Strategic Planning grants - \$100,000 budget enhancement/Commerce
 - Communities can access matching grants for the purposes of funding community and regional planning processes
 - Grants can be used to hire consultants, model other successful processes such as the Hometown Competitiveness program, participate in Kansas Communities, LLC “Four Pillars” program or utilize other credentialed planning processes.

3. Enhanced funding for the Kansas “Main Street” program - \$200,000 budget enhancement/Commerce
 - Kansas Main Street has a proven track record for downtown redevelopment and historic preservation
 - Currently, Kansas Main Street has a waiting list of 13 communities but with current funding is limited to accepting only one or two new communities each fiscal year

- Enhanced funding will extend the services of Kansas Main Street to more Kansas communities and serve as a platform for strategic planning as well

4. Enhanced funding for the Kansas Small Business Development Centers - \$1,000,000 budget enhancement/Commerce

- The Kansas Economic Growth Act of 2004 created a significant increase in interest in entrepreneurial ventures
- The KSBDC has seen a parallel increase in requests for business development assistance and counseling and needs additional funding to meet this increased demand for services
- The KSBDC collaborates extensively with the newly created Kansas Center for Entrepreneurship (“Network Kansas”) and the Department of Commerce and is a critical partner in rural business development

5. New funding for a pilot state-funded KAN-STEP program - \$500,000 budget enhancement/Commerce

- The federally funded KAN-STEP program has seen monumental success in communities to help build community centers, fire and emergency stations, senior centers and even replace water and sewer lines
- A state-funded program would eliminate the LMI criteria mandated by the federal government and also make the use of the program more flexible for rural communities

PUBLIC POLICY STATEMENT

HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND
TOURISM

RE: HB 2004, extending the rural business development tax credit

January 22, 2007
Topeka, Kansas

Testimony provided by:
Terry D. Holdren
National Director
KFB Governmental Relations

Chairwoman Gordon, Vice-Chair Huntington, and members of the House Committee on Economic Development and Tourism, thank you for the opportunity to appear before you today. I am Terry Holdren, National Director—Governmental Relations for Kansas Farm Bureau. As you know, KFB is the state's largest general farm organization representing more than 40,000 farm and ranch families through our 105 county Farm Bureau Associations.

Over the past several years KFB has become increasingly concerned about the future of rural communities that are so prevalent across our state. Many of these communities have experienced continuous out-migration since their peak populations were reached in the early 1900's. We have witnessed initiatives attempting to address the need for growth and economic development in these communities by employing traditional business recruitment models that simply do not apply in our smaller cities and counties. Moreover, we have observed a critical need for young families who to return home join the family farm or business, providing much needed leadership and guidance in their sphere of influence.

In November of 2005, the American Farm Bureau Federation released a study, *Making American Agriculture Productive and Profitable*. Its purpose was to consider how rural America and production agriculture might look in the year 2019 (the 100th Anniversary

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or both KFB and AFBF), and to chart a course of how we might best position ourselves to succeed. The study reveals some startling results. Today, 89% of farm income comes from off-farm sources. That reality supports the notion that farmers now depend more on rural communities than rural communities depend on farmers. As such, these rural residents must have access to the employment opportunities, educational services, and social institutions that exist in every community. Ensuring that these opportunities continue to exist is more important now than ever before.

Over the last 24 months, KFB has been working to identify approaches to rural development that have proven results. Through extensive visits and tours at sites across the region, we have identified the Hometown Competitiveness model in Nebraska (www.htcnebraska.org) as possibly the most successful approach. The model, supported by KFB's member adopted policy focuses on building strength in four key areas:

- Identifying and educating community leaders
- Energizing Entrepreneurs
- Engaging Youth
- Developing local charitable giving

We appear today in support of HB 2004. Encouraging contributions to the regional foundations supported by the underlying act will do much to provide investment in rural communities. Additionally, we believe that the committee should consider prioritizing those dollars and targeting them at the four areas listed above. These areas can provide a new focus for programming and rekindle efforts to assist rural communities.

Thank you for the opportunity to appear before you today. KFB stands ready to assist as you seek to address the challenge of developing a bright future for our state.