

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 February 13, 2008 in Room 519-S of the Capitol.

All members were present except:

Gene Rardin- excused  
Mark Treaster- excused

Committee staff present:

Ryan Hoffman, Kansas Legislative Research Department  
Matt Todd, Office of the Revisor of Statutes  
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

Tracy Taylor, President & CEO, Kansas Technology Enterprise Corp. (KTEC)

The Chair introduced Tracy Taylor who offered the Committee an overview of KTEC. (Attachment 1).

Mr. Taylor said that KTEC has had a productive year and continued to be innovative and make a positive impact on the Kansas technology-based economy. He said he wanted to talk about some of their more innovative programs.

The three primary items he wanted to cover were: to summarize the role of KTEC in their strategic direction, some of the new innovative initiatives they've created and a brief comment regarding their budget because there are significant cuts proposed to KTEC in the current FYI 2008 budget which they find unique.

He said it's perplexing to the KTEC board of directors to see this happen after watching the Legislature approve the KTEC budget last May and be signed off by the Governor when nothing has changed. Since then they've heard from the Department of the Budget that they want to cut \$436,000 from the current budget which by the time the legislative session is ended and the Governor has signed off, they would have 60 days in which to save that amount.

Referring to page 3 of his brochure he said it showed what the business KTEC is in and what they hope to achieve. For them it is creating wealth, creating higher paying jobs, it's diversifying our economy and it's stopping the "brain drain" in the state of Kansas. He then pointed out where they show that they take intellectual property and they work on the various components that helps turn that into business services.

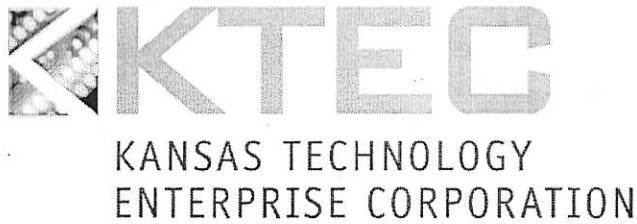
He pointed out the role of the State Policymaker such as to ensure an adequate supply of capital at all stages of the commercialization process; to support the growth and skill level of the state's workforce and to maintain state-of-the-art infrastructure.

Mr. Taylor called attention to the Come Home to Kansas Initiative listed on pages 11 and 12.

He said that they strongly believe in "hands-on business assistance" and they have a system of business assistance incubators in Johnson County, Manhattan, Wichita and in Lawrence which helps entrepreneurs in a very hands-on manner.

Questions and answers followed.

The meeting was adjourned at 4:15. The next meeting is scheduled for Monday, February 18, 2008.



# Economic Development Tourism Committee Meeting

February 13, 2008

Tracy Taylor  
President & CEO  
KTEC



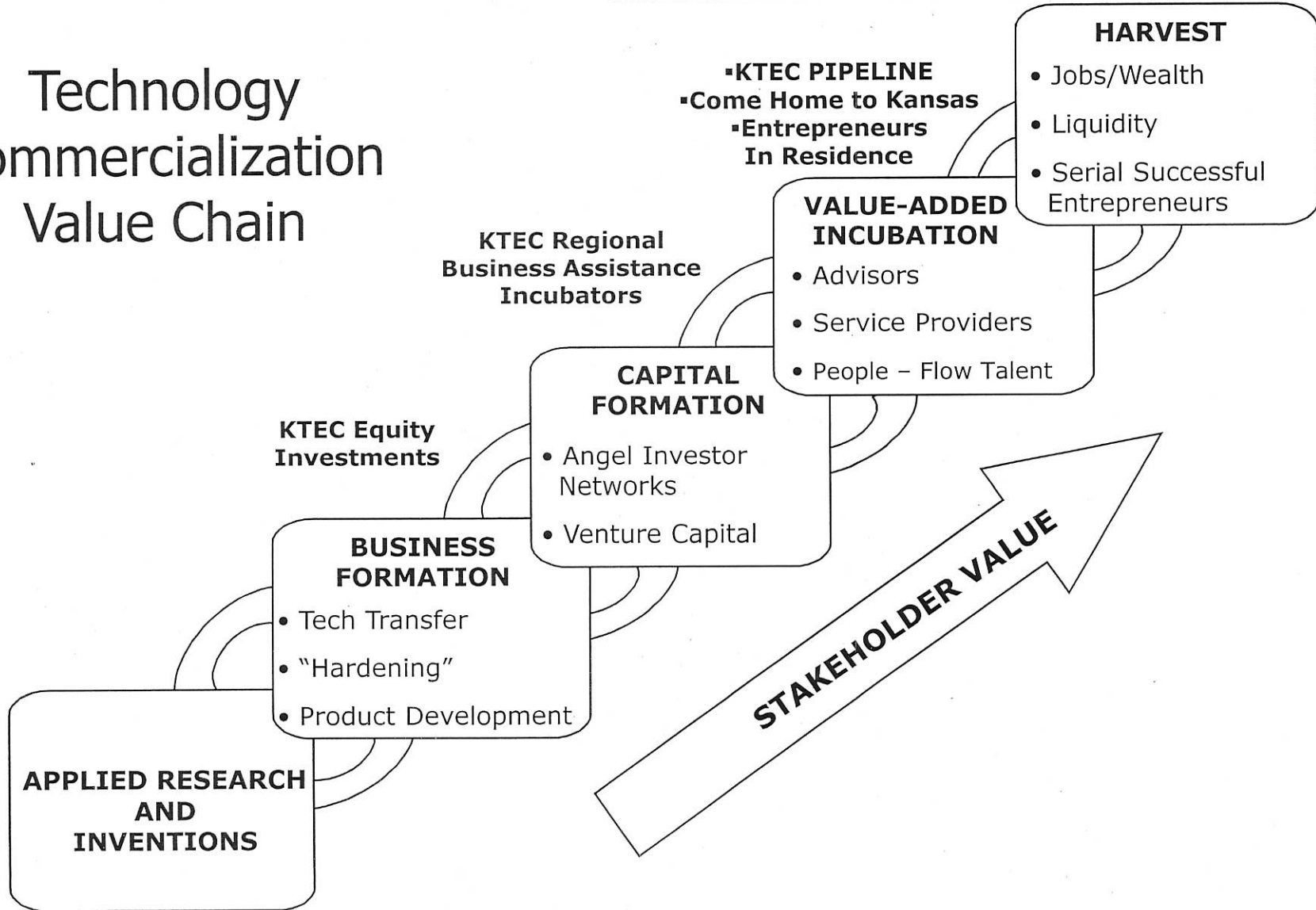
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## About KTEC

- Created by Legislature in 1986
  - "Redwood-Krider Report" articulated need for entrepreneurship and technology economic development
- Governed by 20-member, industry-led board
  - Includes university, legislature and administration representatives
- Funded by the Economic Development Initiatives Fund,
  - Consists of revenues from the Kansas Lottery & Gaming Commission



# Technology Commercialization Value Chain





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# KTEC Areas of Focus

## Research

### Centers of Excellence

- BIOC, *Univ. of Kansas*
- ITTC, *Univ. of Kansas*
- NIAR, *Wichita St. Univ.*
- AMI, *Kansas St. Univ.*
- KPRC, *Pittsburg St. Univ.*

**Experimental Program to Stimulate Competitive Research (EPSCoR)**

**Small Business Innovation Research (SBIR) assistance**

## Investments

### Direct Equity Investments

**Angel Tax Credits**

**Creation of Angel Networks**

### Entrepreneur Development

- **KTEC PIPELINE**
- **Come Home to Kansas**
- **Entrepreneurs -in- Residence Program**

## Business Assistance

### Incubators

- NISTAC, *Manhattan*
- LRTC, *Lawrence*
- ECJC, *Lenexa*
- KUMCRI, *Kansas City*
- ATC, *Pittsburg*
- WTC, *Wichita*
- WKTC, *Great Bend*
- Quest, *Hutchinson*

**Mid-America Manufacturing Technology Center (MAMTC)**



## KTEC Values

- Private sector oriented – results driven, pro-active and customer oriented
- Continuous Innovation – KEGA, KansasBio, KTEC PIPELINE, Come Home to Kansas, Information Technology Association
- Lean Organization – Reduction of staff from 19 to 11
- Strategic without duplication of services in Kansas
- Commercialization focus – fill essential gaps and force collaboration



## **So What?**

- Emerging entrepreneurial growth companies are responsible for 67% of new jobs (more in economic downturns) and 95% of all radical innovations since WWII \*
  - Created 2/3 of all net new jobs in the '90s \*
  - Jobs created by tech companies pay about \$50,000 – two times the average salary of non-technology jobs (approx. \$26,000)
  - Reduces brain drain
  - Diversifies tax base
  - A region's economic prosperity is closely tied to its entrepreneurial capacity \*
  - Entrepreneurial companies seek talent, capital, networks and infrastructure \*
- \* National Commission on Entrepreneurship, 2001

## **Life Sciences Initiative**

- Government research funding focused on IT, life sciences and nanotechnology
- Kansas Economic Growth Act (KEGA) – Kansas Bioscience Initiative

# A Brief History of Economic Development

Kansas Legislature  
House Committee on Economic Development  
January 14, 2003

Jay Kayne  
VP of Entrepreneurship  
Kauffman Foundation



# So What's The Issue?

- Entrepreneurship development takes time—outside the political timeframe.
- Entrepreneurship equals “venture economic development,” requiring a portfolio versus project mentality.
- Impact is incremental.
- Public sector perception that “wealth is a four-letter word.”

# Your Role as State Policymaker

- Celebrate and honor entrepreneurship and individual entrepreneurs
- Provide life-long learning opportunities for potential and active entrepreneurs
- Facilitate the establishment of networks “of entrepreneurs, by entrepreneurs, for entrepreneurs”
- Ensure an adequate supply of capital at all stages of the commercialization process
- Examine state policies so that they support, not inhibit, entrepreneurship

# Your Role as State Policymaker

- Support the growth and skill level of the state's workforce
- Ensure institutions of higher learning are available as resources
- Maintain state-of-the-art infrastructure



# Come Home to Kansas Initiative

- #1 issue for bioscience and information technology companies is talent recruitment – Garmin, LSI Logics, Perceptive Software, etc.
- KTEC & partners launched [www.comehometokansas.com](http://www.comehometokansas.com) to address issue
- Site shows thousands current technology job openings plus strong cluster of recognizable companies in Kansas
  - Software crawls internet to match people with career opportunities



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# Come Home to Kansas Initiative

- Also includes testimonials, cost of living data, quality of life (i.e. Kansas' strong TBED programs)
- Partners: KTEC, Dept. of Commerce, Kansas Bioscience Authority, KansasBio, KTEC PIPELINE
- Just launched – Week 1: 200 visits, 229 jobs viewed, 65 companies registered

# KTEC

KANSAS TECHNOLOGY  
ENTERPRISE CORPORATION



**Slowing.** **Growing.**

Greg Unruh *Vice President & General Manager  
Ventria Bioscience, KSU '85*

Greg had the vision to see the vast possibilities to be harvested in the biopharmaceutical industry. So he cultivated his idea, rediscovered his roots and transplanted his dream to Kansas. He's just one of a lot of smart natives who are following their heads back to the heartland.

## Come Home To **KANSAS**

We will help you grow. [www.ComeHomeToKansas.com](http://www.ComeHomeToKansas.com)



# Kansas Information Technology Association

- 2,182 information technology companies in Kansas/62,000 jobs
- KTEC forming state-wide information technology trade association similar to Kansas Bio
- Mission: Educate, provide leveraging opportunities between companies, speak as unified voice on issues impacting industry, connects private/public sectors
- Issues: talent recruitment, capital formation, technical training costs, entrepreneurial assistance



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## KTEC PIPELINE

- The KTEC PIPELINE identifies talented and entrepreneurial Kansans and matches them with best-in-class training, resources and mentors to enhance their success as technology entrepreneurs in Kansas.
- Kansas is the only state today that is systematically identifying their top technology talent and connecting them to become future leaders.
- The KTEC PIPELINE adds to KTEC's comprehensive technology program, ensuring the most important component to any successful economy - cadre of innovators that will lead the Kansas economy for generations to come.





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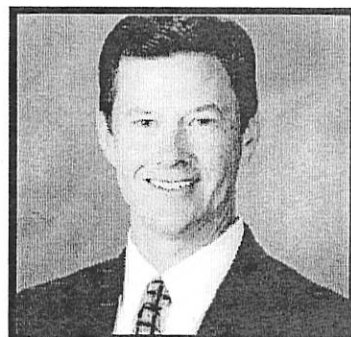
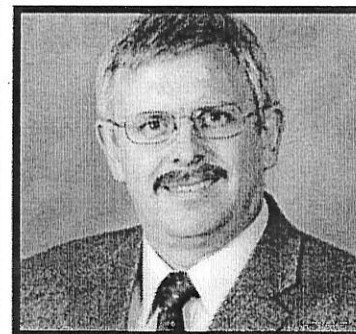
## KTEC PIPELINE Innovators Receive

- Best-in-class training in fundamentals of technology entrepreneurship.
- Three-day formal learning sessions each quarter. Innovators will receive cutting-edge education, skill building and networking.
- Access to mentors from technology businesses in or with strong ties to Kansas.
- One-year stipend for discretionary use while exploring opportunities for a startup technology venture.
- Access to venture capitalists with capabilities of financing early stage technology companies.
- Leverage use of resources to highest potential talent.



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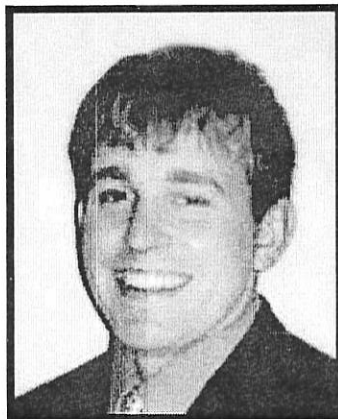
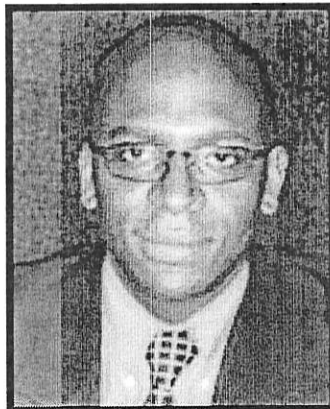
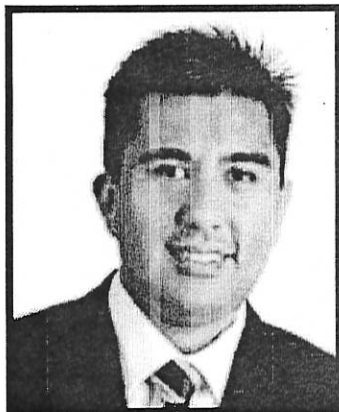
# Charter Class PIPELINE Innovators





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## 2008 PIPELINE Innovators



# KTEC

KANSAS TECHNOLOGY  
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VENTRIA BIOSCIENCE

Medi-Flex

ThinkGeo

Knowledge Communications

chemidex  
The Formulator's Search Engine



earthsolutions

NanoScale  
Serving Customer Needs Through Advanced Chemistry

AEROCOMM a unit of Laird TECHNOLOGIES

deciphera

PURIFAN  
CLEAN AIR. PURE AND SIMPLE.

CritiTech

KMW  
Kansas Machine Works

LaGarde Inc.



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## Why attracting Ventria and Edenspace was so important to Kansas/Rural Economic Development

- 1) Strategically - Ventria is the Leading Plant-made Pharmaceutical Firm in the World and Kansas has the potential to create an industry cluster
- 2) Ventria has World Class Science/World Class Board and Leadership
- 3) Both Ventria & Edenspace Have Proven Ability to Commercialize and Raise Capital
- 4) Ventria - Of Equal Importance - Leader a former Kansan, Many ties to Kansas
- 5) Both Ventria & Edenspace - Tremendous Example of Collaboration - KTEC, Dept. of Agriculture, Junction City community, Department of Commerce, KansasBio, Local Extension Office, and Kansas State University



# Capital Formation

- Implemented Tax Credit Legislative Change
- Creation of Angel Networks in South Central, Southeast and Northeast Kansas



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## KTEC Technology Ventures

- Provide specialized services and pre-venture funding to early stage technology firms.
- Attract venture capital to Kansas.
- Improve access to capital - make them "venture ready".



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## Kansas Bioscience Organization (KansasBio)

- Advocate for the bioscience community in Kansas
- Founded in 2004 by KTEC
- Trade organization representing the bioscience industry continuum in Kansas
  - Human, Plant and Animal
  - Academic, Industry and Government
  - Entrepreneurial ventures, start-ups, service providers
- Led Kansas presence BIO 2006 (Chicago), BIO 2007 (Boston) and upcoming BIO 2008 (San Diego)
  - Hill's Pet Nutrition donates two-story pavilion for use at tradeshow





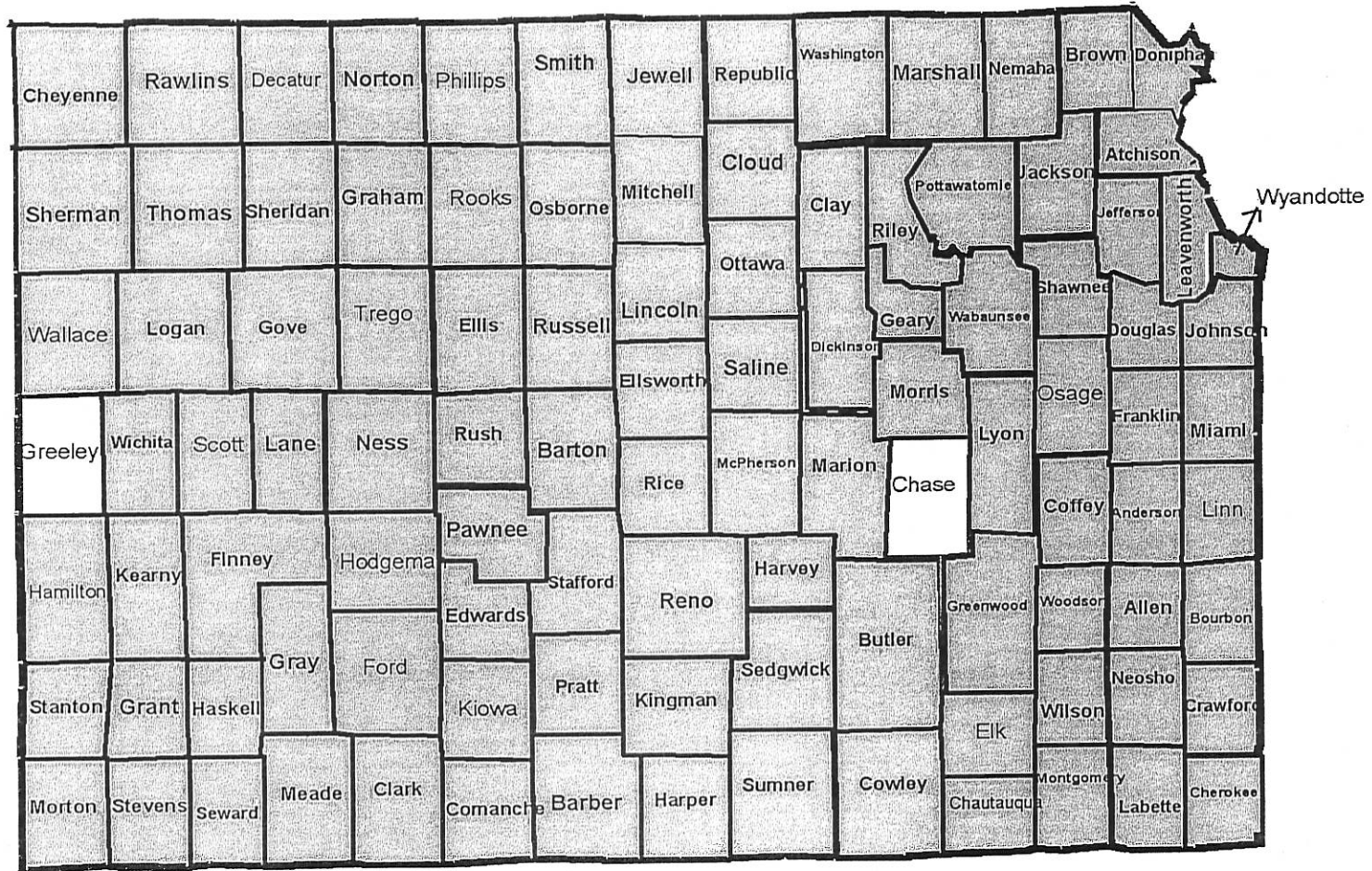
# Kansas Polymer Research Center

- KTEC Center of Excellence since 1994—development of bio-based plastics & polymers
- KTEC has provided \$4.1 million since inception
- Currently funding \$360,000 of total budget of \$1.38 million

## New facility -- Tyler Research Center

- \$5.7 million facility
- Funded primarily from Tyler Research Foundation & bonds from bioscience initiative
- Land provided by City of Pittsburg, adjacent to campus
- Expected to double research funding within two years

# KTEC Counties Impacted





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# FY 2007 Results

- \$196 million increased sales
- 776 jobs created or retained
- 363 companies assisted
- \$61 million - Federal funds leveraged
- \$44 million – private investment leveraged



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# KTEC Cumulative Results

- 16,200 Jobs Created or Retained
- \$1.75 billion in increased sales
- \$541 million federal invested
- \$410 million venture capital invested



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# KTEC Funding - FY 1999 to Current

FY 1999

- \$14.15 million

FY 2008 (recommended)

- \$12.27 million

13% reduction

34% inflation

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47% total reduction since FY 1999



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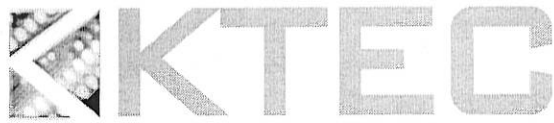
# Governor's Recommendations

## FY 2008

- Cut \$102,966 salaries
- Cut \$333,000 to put together capital formation initiative

## FY 2009

- Cut \$100,254 salaries



KANSAS TECHNOLOGY  
ENTERPRISE CORPORATION



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For more information about  
KTEC visit, [www.ktec.com](http://www.ktec.com)  
or call  
785-296-5272