

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 5, 2008 in Room 123-S of the Capitol.

All members were present except:

Nick Jordan- excused
Jim Barone- excused

Committee staff present:

Jennifer Thierer, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Senator Morris, President, Kansas Senate
Edie Dahlsten, Vice President, Kansas Farm Bureau
Carolyn Dunn, Citizen, Stafford County
Randall Allen, Kansas Association of Counties
Don Macke, Center for Rural Entrepreneurship
Melissa Ness, St. Francis Community Services
L. Earl Watkins, Sunflower Electric Power Corporation
Eric Depperschmidt, wKREDA
Kim Winn, League of Kansas Municipalities
Randal Hrabe, Northwest Kansas Planning & Development Commission
Stan Ahlerich, President, Kansas, Inc.

Others attending:

See attached list.

To read testimony submitted by conferees go to
[http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee.](http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee)

SB 453--Establishing the Kansas commission on rural policy

Chairperson Brownlee called on Jason Long, Revisor's Office, to explain **SB 453**. Mr. Long presented written copy of his explanation of the bill. (Attachment 1) Mr. Long stated that **SB 453** established the Kansas Commission on Rural Policy (KCPR) and that it would be an independent entity whose purpose is to make rural Kansas the most desirable area in which to conduct, facilitate, support and finance rural business, cultural development and entrepreneurship, and to make Kansas a national leader in the creation and implementation of strategies to foster leadership, the retention of youth, development of entrepreneurship and encouragement of local wealth generation.

Upon the conclusion of Mr. Long's explanation of the bill, Chairperson Brownlee opened the hearing on **SB 453** and introduced Senator Morris, President of the Senate, to give his testimony as a proponent of **SB 453**. Senator Morris presented written testimony (Attachment 2) which can be found in its entirety on the link listed above.

Upon the conclusion of Senator Morris' testimony, Chairperson Brownlee announced questions would be held until the completion of all the testimony of the proponents. With that said, Chairperson Brownlee introduced Ms. Edie Dahlsten, Vice President, Kansas Farm Bureau, to give her testimony as a proponent of **SB 453**. Ms. Dahlsten presented written testimony (Attachment 3) which can be found in its entirety on the link listed above.

Chairperson Brownlee introduced Ms. Carolyn Dunn, appearing as a private citizen from Stafford County, to give her testimony as a proponent of **SB 453**. Ms. Dunn presented written testimony (Attachment 4) which can be found in its entirety on the link listed above.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 5, 2008 in Room 123-S of the Capitol.

Chairperson Brownlee introduced Mr. Randall Allen, Kansas Association of Counties, to give his testimony as a proponent of **SB 453**. Mr. Allen presented written testimony ([Attachment 5](#)) which can be found in it's entirety on the link listed above.

Chairperson Brownlee introduced Mr. Don Macke, Center for Rural Entrepreneurship, to give his testimony as a proponent of **SB 453**. Mr. Macke presented written testimony ([Attachment 6](#)) which can be found in it's entirety at the link listed above.

Chairperson Brownlee introduced Ms. Melissa Ness, St. Francis Community Services, to give her testimony as a proponent of **SB 453**. Ms. Ness presented written testimony ([Attachment 7](#)) which can be found in it's entirety on the link listed above.

Chairperson Brownlee introduced Mr. L. Earl Watkins, Sunflower Electric Power Corporation, to give his testimony as a proponent of **SB 453**. Mr. Watkins presented written testimony ([Attachment 8](#)) which can be found in it's entirety on the link listed on page 1 of these minutes..

Chairperson Brownlee introduced Mr. Eric Depperschmidt, wKREDA, to give his testimony as a proponent of **SB 453**. Mr. Depperschmidt presented written testimony ([Attachment 9](#)) which can be found in its entirety on the link listed above by date of meeting and name.

Chairperson Brownlee introduced Ms. Kim Winn, League of Kansas Municipalities, to give her testimony as a proponent of **SB 453**. Ms. Winn presented written testimony ([Attachment 10](#)) which can be found in its entirety on the link listed above.

Upon the conclusion of the testimony of Ms. Winn, Chairperson Brownlee called the Committee's attention to the "written only" proponent testimony from the following:

(All "written only" testimonies listed below can be found in their entirety on the link listed above)

Dana Peterson, Kansas Agriculture Alliance (KAA) ([Attachment 11](#))
Paul Beck, Kansas Legislative Policy Group (KLPG) ([Attachment 12](#))
Steve Baccus, President, Kansas Farm Bureau ([Attachment 13](#))
Nancy Weeks, Kansas County Treasurers Association ([Attachment 14](#))
Kirk Heger, Southwest Kansas Irrigation Association ([Attachment 15](#))
Becky Goss, Kansas Association of Community Foundations ([Attachment 16](#))
Doug Wareham, Kansas Bankers Association ([Attachment 17](#))
Bob Cole, Pottawatomie Economic Development ([Attachment 18](#))

Chairperson Brownlee opened the floor for questions of the proponents of **SB 453**.

The Rural Policy Institute was discussed along with the fiscal note for the bill. It was noted that the Center for Rural Entrepreneurship is a public non-profit organization out of Columbia University, University of North Carolina, and the University of Nebraska; with Mr. Macke being based out of Lincoln, Nebraska for fifteen years. Senator Kelly has concerns that they are growing government with this bill and could be overlapping or competing with other programs already in place. It was noted by Senator Morris that the intent of this bill is that the Rural Commission would be a facilitator working with existing programs and would make efforts not to compete with existing programs.

Upon the conclusion of questions and answers, Chairperson Brownlee called the Committee's attention to the "written only" opponent testimony from the following:

Secretary Adrian Polansky, Kansas Department of Agriculture ([Attachment 19](#))

Next Chairperson Brownlee introduced Randal Hrabe, Northwest Kansas Planning & Development Commission, to give his testimony as a neutral party to **SB 453**. Mr. Hrabe presented written testimony ([Attachment 20](#)) which can be found in its entirety on the link listed on page 1 of these minutes.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 5, 2008 in Room 123-S of the Capitol.

Chairperson Brownlee stated the Committee was running short on time and she would hear the testimony of Wally Kearns, Kansas Small Business Center, next week and then she introduced Mr. Stan Ahlerich to give his testimony as a neutral party to **SB 453**. Mr. Ahlerich presented written testimony ([Attachment 21](#)) which can be found in its entirety on the link listed on page 1 of these minutes.

Upon the conclusion of Mr. Ahlerich's testimony, Chairperson Brownlee asked the Committee to read over all the testimony and announced that she will be keeping the hearing open. She stated the Committee needs to figure out how to accomplish the goal of this bill in the best way possible. She then called the Committee's attention to the "written only" neutral testimony from the following:

Secretary David Kerr, Department of Commerce ([Attachment 22](#))

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next meeting scheduled for February 6, 2008 at 8:30 a.m. in room 123 S.

Senate Commerce Committee

Guest List

Date: **February 5, 2008**

Stan Ahlerich Ks D-c	1
Randall Hube, NWKP+DC	1
Don Karbar Kansas, Inc	
Sts Compt KSBDC	
Clare Hustin Sunflower El.	
CV Cotsoyadis	KDA
Sheila Jackson	KACCT
Earl Williams	Sunflower
Corey Mohr	KDOC
Carl Wang	Keating + Associates
Janita Jewell Smith	KBIA
Melissa Ness	St. Francis Community Services
Dan Marke	Rural Policy Research Institute
Carolyn Dunn	Farm Bureau / Golden Belt CF
Edie Dahlsten	Kansas Farm Bureau
KEN DANIEL	ICS SUM Biz. com
Angie. Watts	KFB
Mike Beam	Ks Livestock Assn.
Tom Seiber	Ken Law Firm
BRAD HARRISON	KFB
Effie Swanson	Sen Derek Schmidt
Kateelyn Wittgen	KBIA
Sean Tomb	Division of The Budget
John Babelo	Panhandle Smart's Assoc.
Paul Johnson	Ks. Catholic Conf.
Ken Brandt	KSBIO
John Donley	KS Lusk. Assn

MARK ANN TORRENCE, ATTORNEY
REVISOR OF STATUTES

JAMES A. WILSON III, ATTORNEY
FIRST ASSISTANT REVISOR

GORDON L. SELF, ATTORNEY
FIRST ASSISTANT REVISOR



OFFICE OF REVISOR OF STATUTES
KANSAS LEGISLATURE

Legal Consultation—
Legislative Committees and Legislators
Legislative Bill Drafting
Legislative Committee Staff
Secretary—
Legislative Coordinating Council
Kansas Commission on
Interstate Cooperation
Kansas Statutes Annotated
Editing and Publication
Legislative Information System

Briefing on Senate Bill 453
Establishing the Kansas Commission on Rural Policy

Jason B. Long
Assistant Revisor
Office of Revisor of Statutes

February 5, 2008

Senate bill 453 establishes the Kansas Commission on Rural Policy (KCRP). The KCRP will be an independent public entity whose purpose is to make rural Kansas the most desirable area in which to conduct, facilitate, support and finance rural business, cultural development and entrepreneurship, and to make Kansas a national leader in the creation and implementation of strategies to foster leadership, the retention of youth, development of entrepreneurship and encouragement of local wealth generation.

KCRP is to be governed by a 12 member board of directors. The nine voting members are to be appointed as follows: (1) three members are to be appointed by the governor; (2) two members are to be appointed by the speaker of the house of representatives; (3) two members are to be appointed by the president of the senate; (4) one member shall be appointed by the minority leader of the house of representatives; and (5) one member shall be appointed by the minority leader of the senate. All appointees are subject to senate confirmation. The initial board is to serve staggered terms, and successor members shall serve four-year terms. The other three non-voting members shall be *ex officio* members from the following offices: the secretary of commerce; the secretary of agriculture; and the president of Kansas, Inc.

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The duties of the KCRP are set forth in section 3 of the bill. First, the KCRP is to develop community-based programming and funding in the following key areas: fostering leadership; encouraging wealth retention and generation; developing entrepreneurship; and retaining youth in rural communities. The KCRP will not compete with existing public and private agencies in service delivery, but focus on strategy development and optimization of resources.

Second, prior to July 1, 2009, the KCRP is to take certain actions to organize the commission, including hiring an interim executive director and necessary support staff, acquiring facilities and developing a comprehensive plan. The KCRP is to report on its progress to the legislature during the 2009 legislative session.

Finally, after July 1, 2009, the KCRP's duties include developing on-the-ground resources for rural communities, identifying up to 20 pilot communities for direct programming efforts, reviewing other rural development programs, and administering the rural community development grant program. The KCRP is to report annually to the legislature on its activities, including recommendations and suggest legislation.

Section 4 authorizes the KCRP to develop a grant program to help fund rural community development activities. Recipients would be required to provide matching funds equal to the amount of the grant award. Additionally, recipients would be required to provide a performance and evaluation report to the KCRP on such recipient's rural community development activities, use of grant funds, and any changes in such activities. The bill also establishes the rural community development grant program fund. All moneys credited to the fund are to be used solely for grant awards pursuant to section 4.

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State of Kansas



Senate President

COMMITTEE ASSIGNMENTS

CHAIRMAN: LEGISLATIVE COORDINATING
COUNCIL
ORGANIZATION, CALENDAR AND
RULES
NCSL AGRICULTURAL AND RURAL
DEVELOPMENT

MEMBER: AGRICULTURE
WAYS AND MEANS
LEGISLATIVE BUDGET
STATE BUILDING CONSTRUCTION
PENSIONS, INVESTMENTS AND
BENEFITS
STATE FINANCE COUNCIL
CSG AGRICULTURE TASK FORCE

February 4, 2008

Senate Committee on Commerce

SB 453, Creating the Commission on Rural Policy

Senate Commerce Co-Chairs Brownlee and Jordan, members of the committee, thank you for this opportunity to offer my strong support for SB 453. The contents of Senate 453 are borne of many years of experience – in the Kansas Legislature – and from growing up and living in rural Kansas.

Like many of you I have seen the transformation taking place in rural Kansas over the last several decades. We all know business, population and wealth continue to migrate away from rural Kansas. It is a serious problem that requires a concerted and strategic solution.

Through this effort, I intend to create a state commission for which the primary focus is on rural policy. It is not to compete with, eliminate or restructure existing state programs or agencies currently engaged in rural policy. We have many good programs in Kansas, but even the experts tell us we don't have a coordinated effort for rural policy in our state.

The Commission on Rural Policy is charged with addressing four major areas of rural policy: youth retention; leadership development; entrepreneurship and wealth retention.

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Attachment 2-1

Youth Retention

Vast outward migration from rural Kansas has occurred over the last century. In each decade since 1930, 65 of the state's 105 counties have lost population. Only nine counties showed population growth in the 2000 census. I hope SB 453 will help develop strategies to maintain population in our rural areas.

Leadership Development

As our youth migrate from our rural areas, we also lose individuals who could be tomorrow's leaders. This bill will help communities to identify the next generation of leaders and empower them through programs that encourage community awareness, involvement and commitment to ensure prosperity and ongoing development.

Entrepreneurship

We currently have a number of programs to facilitate entrepreneurial opportunities in rural Kansas. We can never let down our resolve to find new and innovative strategies to succeed in rural Kansas. This is critical for the current population in rural Kansas and even more critical to attract new people to the rural economy. We know this component is just as important as the other three because to attract young people back to rural Kansas, we have to provide a sustainable income and an appealing lifestyle.

Wealth Retention

One of my major concerns for rural Kansas is the potential transfer of wealth to more urban areas. Boston College University recently conducted a study that showed a potential wealth transfer of \$41 ***trillion*** dollars from rural areas of the United States to more urban areas. The estimated potential wealth transfer in Kansas could reach over \$100 ***billion*** dollars.

The concepts outlined in this bill are important but can only be addressed through cooperation with local communities. This bill is not intended to create another big government program or to create a top-down approach to helping resolve issues in rural Kansas. I intend for the Commission to offer support to local communities without dictating to local communities how needs should be addressed. I believe this concept can only work when a local community embraces it and supports it with local resources. This is precisely the reason we will require a local match for any grant funds.

I recommend an expenditure for FY '09 of \$250,000. This is a small investment for what I consider a huge payback. SB 453 gives the Commission the opportunity to recruit private and federal dollars to help fund programming for rural Kansas.

The time has passed for the state to develop the framework for meaningful rural policy. Let's give SB 453 and a Commission on Rural Policy a chance to focus on and envision new opportunities in rural Kansas. I look forward to successful passage of SB 453.

Sincerely,

Stephan R. Morris
Senate President



PUBLIC POLICY STATEMENT

SENATE COMMERCE COMMITTEE

Re: SB 453 Creating the Kansas Commission on Rural
Policy

February 5, 2008
Topeka, Kansas

Testimony Provided by:
Eddie Dahlsten
Vice President

Madame Chair... members of the committee... Good morning. I appreciate the opportunity to appear before you today.

My name is Eddie Dahlsten. I'm a farmer from McPherson County. My husband, Larry, and I raise corn, wheat, milo, soybeans and sunflowers on land southwest of Lindsborg that's been in the family for three generations.

I'm also privileged to serve as vice-president of Kansas Farm Bureau. I'm here pinch-hitting for our president, Steve Baccus, who, unfortunately, is under the weather today. I believe you have a copy of Steve's written testimony.

We're the largest grassroots advocacy organization in Kansas. If it impacts farmers, ranchers, or the small, rural communities our members call home – Kansas Farm Bureau is involved.

One of the things our farm families are most concerned with – is the very survivability of their hometowns.

Within Farm Bureau, we just wrapped up a conference led and organized by a segment of our organization known as the Young Farmers & Ranchers.

It's a group of 20-and 30-something Kansas men and women who have made the conscious decision to earn their living and raise their families in rural Kansas.

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Attachment 3-1

A group of 4-hundred young Kansas farmers and ranchers – all gathered in the same hotel ballroom in Wichita for a weekend of networking, fellowship and advocacy.

I wish you could have been there. Their enthusiasm and desire to succeed in agriculture... and to build their lives in rural Kansas is contagious!

A couple of years ago, one of our young farmer members asked if there was something meaningful her farm organization could do to help ensure the economic viability of her hometown.

The more we thought about it, and thought about the role and mission of our organization – the more we realized, she could not have asked a more pertinent, timely question.

Her story was typical of farm families today – one or both spouses generally work part or full time off the farm and she wanted to make sure her hometown would be economically strong – to allow off-farm employment – so her young family could stay on the farm.

So, for a couple of years, a core group of Farm Bureau folks sought out and engaged the gamut of individuals and groups involved in all aspects of rural development. We needed to get smarter. So we did.

We heard from government: federal, state and local. We listened to bankers, philanthropists, economic development professionals. We visited with business recruitment types, economists and educators.

We learned about community foundations. We heard from academicians and professors.

It was an eye-opening experience. When we finished this exercise, we asked ourselves two very important questions:

Are the current efforts working? And – is there something Kansas Farm Bureau can do?

When you get your arms around all this stuff, you can make a persuasive argument that all of this effort – all of the taxpayer dollars, energy, human and financial resources...

...all the blood, sweat and tears that are being poured into rural Kansas under the auspices of 'rural development' – are simply not working, despite the very best of intentions.

If the goal is to keep our hometowns viable and growing, any reasonable observer would look at the population shifts and demographic trends and say we're not there.

We were also able to identify our needs and goals to four basic areas:

Leadership development, youth retention, fostering entrepreneurship and wealth retention.

I'll touch briefly on two of these. I'm confident the other conferees will hit on the rest.

What's the most important aspect of "leadership development?" Don't you need leaders... to develop?

That's why the farmers and ranchers of our organization are so excited about this. We have them!

Kansans with the desire, the interest and enough foresight to stand up and volunteer to serve on a county Farm Bureau board.

By their very nature, our 105 county Farm Bureau organizations are leaders within their communities. These are people who have the desire to save their hometowns, but lack the skill sets to get it done. And it frustrates them. Because they're do-ers.

We have a built-in volunteer infrastructure in each of Kansas' 105 counties. County Farm Bureau leaders – each with an emotional stake in their hometowns. Groups of people who have made a conscious decision to build their lives and raise their families in rural Kansas communities.

The other component I'll address briefly is youth retention.

I got my start in Farm Bureau, in the Young Farmers & Ranchers group I mentioned earlier. My husband and I joined for the same reason today's young farmers join – we realize we're smarter and stronger together than we are separately.

Way back in the dark ages, when I was involved with YF&R, as we call it, there were more of us than there are today. Symptomatic of the generational demographic we touched on earlier.

Today's young people simply are not returning to the rural Kansas community the way they used to.

Overwhelmingly, this is what I take away from my experiences with young Kansans with rural roots:

If they've left – they want to come back. If they're still there – they don't want to leave. But often, the economic realities prevent them from fulfilling that dream.

Senate Bill 453 will allow the framework and the infrastructure... to allow meaningful efforts to be brought to bear.

This legislation will allow innovative, creative ways to foster entrepreneurship.. to grow existing businesses and create new ones in rural Kansas – to provide essential off-farm employment.

The wealth retention component will allow those in my generation – who possess most of the community assets – to give some back – with a specific intention of diversifying the rural community economy.

I've touched on the youth retention and leadership development components.

The energy is there. It simply needs to be harnessed, guided and directed.

Senate Bill 453 will put in place that framework to harness that passion, preserve our hometowns... and allow future generations to live out their dreams.

Thanks very much for your time and I'll be delighted to answer any questions you may have.

Testimony before the Senate Commerce Committee
SB 453
Carolyn Dunn

Members of the committee, thank you for the opportunity to speak with you today. The subject of rural sustainability is very near and dear to my heart, and I appreciate the chance to share with you some of my thoughts.

First, I'd like to tell you a bit about myself. I grew up in Ottawa and after graduating from K-State spent 6 years working in Washington, D.C. I then returned to Kansas, working for a short time in Wichita before getting married and settling in St. John. Having lived in these locations gives me a personal understanding of the issues related to choosing a life in a rural town despite the lure of professional opportunities elsewhere.

My husband, Brian, is a farmer/rancher and we have four and two-year-old sons. We are committed to making Stafford County our permanent home. At the same time, we are concerned about the future of our community. The population has declined nearly 10% in the seven years I've resided in the county. Another example is that we are aware of only a handful of people who had children in the same years that we did. Maybe Kindergarten round-up will pleasantly surprise us, but we often wonder about the future of our school district and the educational resources that will be available to our children in the long term.

The challenges that rural areas face are a complex combination of economic, cultural, as well as broader societal factors. I think, however, at its essence is an issue of the right people making the best possible decisions in the governance of businesses, non-profit boards, in government, and even at home.

In other words, we need a strong base of leaders who have vision - based on good information - and an ability to bring people together to work for a common cause. I think many of the problems related to economic development and youth retention will begin to sort themselves out if we have the right people leading the charge.

I have been involved in my community in a number of ways but I am particularly proud of my involvement as a board member of Golden Belt Community Foundation, which serves Stafford, Barton, Pawnee, and Rush counties. In 2007 our endowment passed the \$5 million mark in assets, which allows us to give back over \$100,000 each year in support to numerous charitable causes throughout the four counties.

Last year, we moved into the role of providing programs in addition to our traditional role of managing and growing the endowment. In November, with the help of a grant from Kansas Health Foundation and in cooperation with the Chambers of Commerce in Great Bend and Larned, we launched Leadership Golden Belt, a program for business and community leaders that focuses on leadership development in the context of community. By offering this as a regional program, we have been able to offer it to the people in the

Senate Commerce Committee

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Attachment 4-1

approximately 20 small towns in our region that do not have Chambers of Commerce large enough to support a program themselves and otherwise would not have access to this kind of training. This kind of regional community leadership program, delivered through a community foundation, is the first of its kind not only in Kansas, but to our knowledge also in the U.S.

The local response to this program has been very receptive. For example, the Stafford County Farm Bureau board immediately agreed to pay the tuition for one person from our county to participate in the program. This group also sees the value of leadership: ten years ago it was a financially unstable organization, but by gathering together a group of progressive-minded individuals and making some decisions that were unpopular at the time, they have turned it around to become relatively strong financially. Consequently, they are in a position to conduct several programs that add to the quality of life in our area. One project they instigated, and that received a national award, was the purchase of vending machines for local schools that carry only healthy food. FFA students stock the machines, so the activity also serves as a fundraiser for their chapter. It's great example of the kind of collaboration that we hope to expand through the Leadership Golden Belt program.

A grant from Kansas Health Foundation enabled the start of Leadership Golden Belt, but in order for it to be sustainable in the long term we will have to grow foundation assets to provide a permanent stream of funds that support its overhead. We cannot have a stable program if it is dependent on an unpredictable flow of grant funding.

Which is what brings me here. I firmly believe that the ability and the responsibility for revitalizing rural communities lies within its residents. At the same time, just as Farm Bureau is facilitating this statewide discussion of the issues facing rural Kansas, just as Kansas Health Foundation has played a role in providing targeted funding and informational resources - there are a few steps that the State of Kansas may take that would enhance the efforts being made locally.

As I said, we have to grow our endowment in order to sustain programming at the foundation itself as well as the other charitable causes we support. Despite our constant efforts to publicize our actions, I continually find that local residents are unaware of our foundation, what we do, or even have an understanding of the concept of endowment. I'd like to think that over time, there will be a snowball effect - the more we do, the more people will understand and support us financially, which enables us to do more. The challenge is creating that momentum.

You will soon hear more about the Transfer of Wealth study that has been conducted in Kansas. I've been privileged to read the preliminary results, and I understand a summary will soon be made to you characterizing seven typical communities in our state. My county fits well one of the typologies. In those estimations, a rural county of 4100 residents will transfer a total of \$77 million from one generation to the next by 2020 - that's an average of \$6 million a year. It's particularly shocking when considering how much of that will pass to heirs that live far away. While \$77 million is stunning number

for a small county, I think it's also believable when considering land values and the fact that so much of rural wealth is in farmland. If we captured just 5% of that transfer to be held in local endowments, by 2020 it would total \$3.8 million and would provide \$192 thousand each year to be used for community betterment— without raising taxes. That also is a powerful figure.

The state could be help jump-start this effort by enacting tax credits that would encourage contributions to community foundations. Frankly, many people in our communities have very modest lifestyles, don't see themselves as wealthy people, are not in the habit of making significant charitable contributions, and may not be fully aware of their ability to make a difference. A tax credit program might encourage them to make their first contribution.

Communities have to take responsibility and be assertive in bettering themselves. However, the State of Kansas is also in a position of leadership and can serve as a catalyst to mobilize local talent and money. I urge the committee to take action in that regard, and I believe this bill is a step in the right direction.

Thank you for your time, and I am open to any questions you may have.



TESTIMONY
concerning Senate Bill No. 453
KANSAS COMMISSION ON RURAL POLICY
Presented by Randall Allen, Executive Director
Kansas Association of Counties
February 5, 2008

Chairpersons Brownlee and Jordan and members of the committee, my name is Randall Allen, Executive Director of the Kansas Association of Counties. I am here to express our support for SB 453, creating a Kansas Commission on Rural Policy. Our Association represents 97 Kansas counties, many of which are very rural in nature. The resources and needs of rural Kansas are often different from those in urban and suburban areas of Kansas, and as such, merit our sustained attention and vigilance in identifying practical, effective approaches. We applaud the vision of persons who drafted this proposal and offer it for your consideration.

We particularly appreciate the statutory focus of the Commission being brought to bear in four areas: fostering leadership; encouraging wealth retention and generation; developing entrepreneurship; and retaining youth in rural communities. There are already organizations and groups working in these areas across Kansas and the concept of bringing groups together to share what they are doing and avoiding duplication is a good one. Groups that come immediately to mind would include the Kauffman Foundation of Kansas City; the Kansas Health Foundation Leadership Center in Wichita; the Kansas PRIDE program; the Kansas Sampler Foundation; among others.

We have one suggestion in the membership of the Commission which we would like you to consider. The proposed bill provides that nine of the twelve members of the Commission shall have voting rights. These nine persons include three appointed by the Governor; two appointed by the House Speaker; two appointed by the Senate President; one appointed by the Senate Minority Leader; and one appointed by the House Minority Leader. We would request that you consider having local government representation on the Commission, since most rural (and urban) community development begins at the community level. Such representation could a member of a board of county commissioners, as well as a mayor or city council member, from rural communities in Kansas, who have demonstrated extraordinary vision and passion for community development in rural Kansas.

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The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to Randall Allen or Judy Moler by calling (785) 272-2585.

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February 5, 2008
Attachment 5-1



SENATE BILL 453 TESTIMONY

Donald W. Macke

Introduction

Good morning Madame Chair and members of the Committee. Thank you for this opportunity to provide testimony related to Senate Bill 453 or ***Kansas Commission on Rural Policy***.

My name is Donald W. Macke and I am a resident of Lincoln, Nebraska. I serve as an advisor to the Kansas Farm Bureau focusing on rural development strategies.

I serve as Co-Director of the Rural Policy Research Institute's (www.rupri.org) Center for Rural Entrepreneurship (www.energizingentrepreneur.org). I am a proud product of Rural America growing up in Nebraska's Sandhills Region.

Our Center works throughout North America focusing on studying and developing rural development strategies at the community, regional and state levels. Over the past seven years, our Center has completed projects in 38 states and several Canadian Provinces.

As appropriate, I am prepared to provide the Committee additional information on our experience and qualifications.

Three Points

There are three points I would like to share with you today:

1. Why a Rural Focus?
2. Why this Approach?
3. How this Approach Can Make the Difference?

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Attachment 6-1

Draft SB 453 Testimony

Why a Rural Focus?

For very similar reasons that SB 453 is being proposed, 17 other states have created rural policy organizations dating back to the very first such organization created in North Carolina in 1987. A dozen or more other states are actively considering rural organizations just as you are today.

Rural communities and regions have unique development challenges and opportunities when compared to larger and more urbanized communities like Topeka, Wichita or Kansas City. Other states have found it very beneficial to create an organization like the proposed Kansas Commission on Rural Policy to create a sharp state focus on these unique rural issues and a mechanism to mobilize more effective state and private responses to these issues.

We strongly recommend that you NOT create just another development agency that could generate competition and/or duplication with existing state policies or programs. As drafted, SB 453 should not contribute to this kind of problem -- rather it offers a solution to enable existing resources and policies to work better for rural Kansas.

Why this Approach?

We congratulate you on SB 453 and how it has been drafted. This proposed legislation contains cutting edge recognition of a key mission for this Commission. Our work throughout rural America, and the work of others in these landscapes, agrees that a key reason for the decline of rural communities across the nation is tied to their isolation and small size. Competing in the 21st Century requires communities to have adequate capacity to support robust development activities. Most rural communities and regions have not kept pace and created the kind of development capacity essential for success in today's economy and society. With that said, this need not be the case. There is strong and growing field evidence from rural communities throughout North America that are succeeding. When we study these communities what becomes clear is that they build development capacity in three key areas:

- ❖ Local & External Resource Mobilization (transfer of wealth).
- ❖ Leadership Development.
- ❖ An Economic Development Game Plan Rooted in Entrepreneurship.

All three of these key building blocks for successful long-term development are addressed in SB 453.

Draft SB 453 Testimony

In regions like the Plains where all of rural Kansas lies, there is a fourth capacity issue that must be addressed, that being the loss of young people. The fourth building block, specific to Kansas communities is a youth engagement and attraction strategy to ensure the demographic and talent renewal of our communities.

No matter how many community and economic development tools you provide, if your partner communities are unable, because of lack of capacity, to effectively use these tools, the ultimate outcome will be the same - inadequate results and continued decline.

How this Approach Can Make the Difference?

We can provide the Committee information on communities like those in rural Kansas that are turning their futures around focusing on building capacity and more impactful development agendas. SB 453 holds the promise of an effective partner capable of helping rural Kansas Communities build on what they have and create development agenda's that can change the trend lines.

Let me share just three quick examples illustrating how communities of differing sizes can change their trend lines by building capacity that really gets them into the development game:

Mullen Nebraska is my childhood home and on a good day can boast 450 residents. It is isolated and totally depending upon ranching. Three years ago Mullen discovered that two-thirds of their businesses were set to close. There was a crisis. Mullen embraced development in a serious way and has stabilized and grown it business community and is seeing modest growth again.

Valley County Nebraska is top in its population class nationally. In 2000, it was a divided and declining community. Since 1930 it has lost half of its population dropping from 9,000 to just over 4,500 residents today. In the past seven years Valley County went from no development agenda to a development program with three staff and a budget of \$750,000 annually. Since 2000, the following trend lines have changed:

- ❖ More families are moving into than leaving the county.
- ❖ The commercial tax base has more than doubled.
- ❖ The retail sector is growing, not declining.
- ❖ Job creation is running higher than the state average.
- ❖ Personal income is running higher than the state average.

Draft SB 453 Testimony

Finally, McCook Nebraska (population 9,000) is a proud regional trade center located in Southwestern Nebraska. After years of holding its own, it is now losing population. McCook, like communities of its size, has a development organization and staff. In just 18 months, McCook has developed a game plan rooted in mobilizing local resources, building stronger local leadership teams, engaging young people and embracing entrepreneurship as a key to its economic future. Following three failed attempts, McCook passed last November a local option sales tax for economic development, it is restoring its historic hotel into a business incubator, it is hiring a full-time business coach to work with local entrepreneurs and it is partnering with communities through out this region to build a new and stronger economy that is capable of stabilizing and growing not only its population, but the region's population.

Conclusion

Our team at the RUPRI Center has traveled over one million miles throughout North America. We have witnessed and documented first hand what it takes to succeed as a rural community today. We believe the focus of SB 453 could provide Kansas communities with a partner that could help them succeed with their development and ensure that existing Kansas development resources are more effective in supporting renewal throughout rural Kansas.

Questions and Additional Information

*Don Macke + RUPRI Center for Rural Entrepreneurship
Voice 402.323.7339 + Email don@e2mail.org*

*Taina Radenslaben – Executive Assistant
Voice 402.323.7336 + Email taina@e2mail.org
Web Site www.energizingentrepreneurs.org*

DWM:CP:KFB:SL-SB453 Testimony



Saint Francis Community Services

Serving Children and Families Since 1945

2008 LEGISLATIVE SESSION~

2008 POLICY AGENDA~

SERVING A RURAL POPULATION

The needs, perspectives and culture of our rural and frontier population shall be reflected in decisions and policies that shape services to children and families at all levels.

MENTAL HEALTH AND BEHAVIORAL SERVICES

All children in the child welfare system will have access to quality, and timely mental health and behavioral health services designed to sustain and reunite families.

MANAGING POSITIVE SYSTEMS CHANGE

System changes that impact children and families must be adequately funded, accompanied by plans to build system capacity, and have a process for monitoring and evaluating performance against outcomes.

For more information contact
mlness@connections-unlimited.net

The system serving children and families will reflect regional differences, ensure access to critical services and effectively manage change

Senate Commerce ~ 2-05-08 SB 453 – Establishing the Kansas Commission on Rural Policy

St. Francis has a rich history of serving troubled youth and their families over the past 60 years. We provide a range of services to youth and their families from family preservation, foster care, drug and alcohol services, restorative justice programs, and residential services and supports. Through those programs we serve over 2000 children and families, 53 rural and frontier counties, with 12 offices and over 600 full and part time employees.

We appear in support of SB 453 and believe establishment of this commission is a critical strategy in ensuring that policies, resources, major state investment, decisions made by this body reflect the ‘rural voice and perspective’

For over two years St. Francis has participated in a Rural Committee of Mental Health Services for Children and Families. During that time this work group has conducted extensive research and work in understanding the nature and culture of rural and frontier counties and affirmed that a rural perspective is too often absent in policies and decisions that impact their communities and access to services.

We believe that this commission would provide an important coordinating mechanism in ensuring that the rural voice is present and understood in the forming of policies and the distribution of resources.

In particular, St. Francis and its partners have identified work force and human resources as a focus of their efforts to shed light on the needs of rural and frontier communities. (See handouts)

over

Senate Commerce Committee
February 5, 2008
Attachment 7-1

“Population decline has broad social and economic consequences for the residents in [frontier and rural Kansas]...none is perhaps more serious than the potential impact of population loss on the provision of health and health care services in many of these counties eventually will become economically unstable.¹

As you deliberate the merits of this bill and consider the process of establishing the commission we ask that you consider the following recommendations offered by the Frontier and Rural Children’s Mental Health Committee:

- Adopt a standard definition of “rural that can be used across all state level systems. Adequately and consistently defining frontier and rural counties as unique groups will help ensure that each group is included in decision making and funding decisions.
- Develop a systemic process for the inclusion of both frontier and rural feed back State-level policies and funding decisions can have unintended negative consequences if unique frontier and rural perspectives are not carefully considered
- Explore a process for frontier and rural system integration across educational, economic, mental health, and other important service areas. These areas are interdependent and thus important in considering each area’s effect on the other.

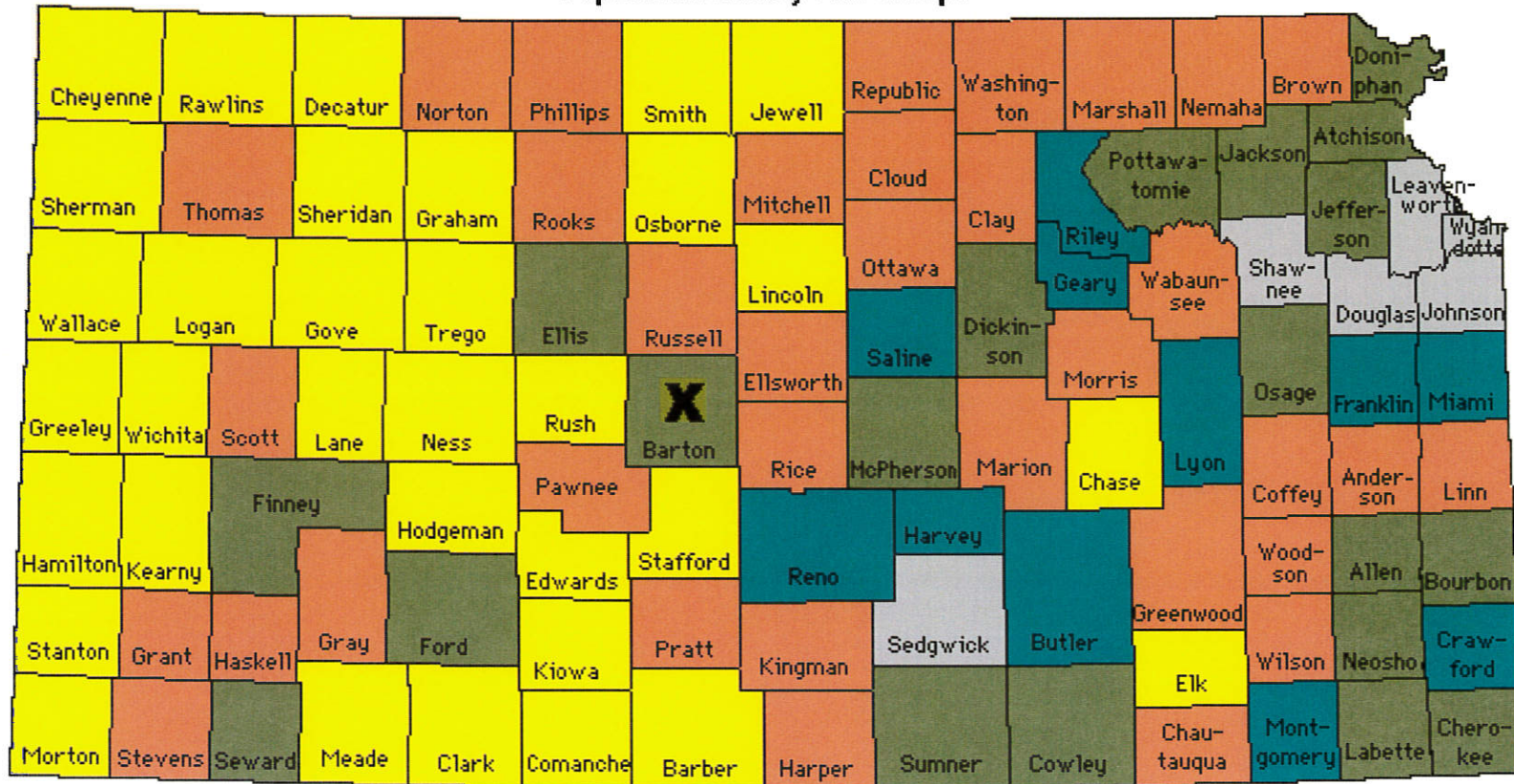
We look forward to being a part of the ongoing discussion and implementation of this commission that could provide an important forum for bringing forward the needs and values of a rural environment.

Respectfully submitted,
Melissa L. Ness JD, MSW
Advocacy Coordinator, St. Francis Community Services

¹ **Frontier and Rural Children’s Mental Health Services: Identification of Strengths and Challenges in Western Kansas**, Holmes, Crickard, Cheon, O’Brien, Corrigan, in *Partnership with the Frontier and Rural Committee of Mental Health for Children’s Services* !December 2007 www.socwel.ku.edu/occ/viewProject.asp?ID=45

The Frontier through Urban Continuum Definition

Population Density Peer Groups*



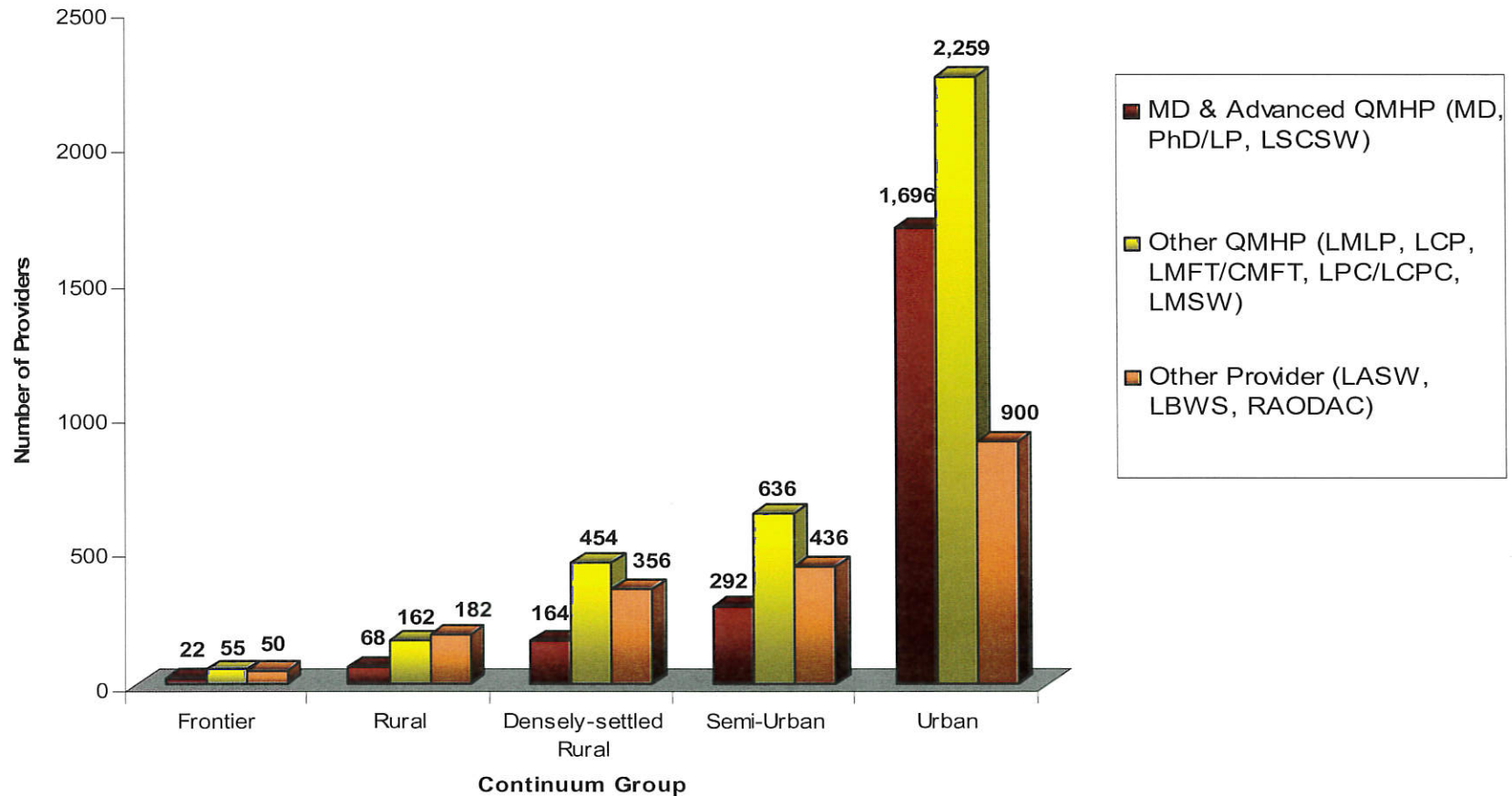
- Frontier (less than 6 persons per square mile)
- Rural (6 to 19.9 persons per square mile)
- Densely-settled rural (20 to 39.9 persons per square mile)
- Semi-urban (40 to 149.9 persons per square mile)
- Urban (150+ persons per square mile)

*Based on 2006 U.S. Census Bureau Population Estimates using the peer group definition adopted by the Kansas Department of Health and Environment.

This map was created by KU's School of Social Welfare and the Frontier and Rural Committee of Mental Health Services for Children and Families and supported through a contract with SRS-HCP Mental Health Services Division.

The Frontier through Urban Continuum Definition

Number of Providers Across the Frontier Through Urban Continuum in Kansas



Data Sources: MD counts obtained from Kansas State Board of Healing Arts, November 2007, all other provider counts obtained from Kansas Behavioral Science Regulatory Board, November 2007

The Frontier through Urban Continuum Definition

Continuum Group	Square Miles	Average Number of Square Miles Covered by a Provider		
		M.D. Psychiatrists and Advanced Qualified Mental Health Providers	Other Qualified Mental Health Provider	Other Mental Health Provider (associate, bachelor, RAODAC)
Frontier	28,775	1,308	523	576
Rural	26,363	388	163	145
Densely-Settled Rural	15,404	94	34	43
Semi-Urban	8,175	28	13	19
Urban	3,098	2	1	3

Data Sources: MD counts obtained from Kansas State Board of Healing Arts, November 2007, all other provider counts obtained from Kansas Behavioral Science Regulatory Board, November 2007, land area data from U.S. Census Bureau of Statistics


The Frontier through Urban Continuum Definition

Continuum Group	2006 Population Estimate	Average Size of General Population Covered by One Provider		
		M.D. Psychiatrists and Advanced Qualified Mental Health Providers	Other Qualified Mental Health Provider	Other Mental Health Provider (associate, bachelor, RAODAC)
Frontier	101,097	4,595	1,838	2,022
Rural	273,020	4,015	1,685	1,500
Densely-Settled Rural	421,479	2,570	928	1,184
Semi-Urban	466,900	1,599	734	1,071
Urban	1,501,579	885	665	1,668

Data Sources: MD counts obtained from Kansas State Board of Healing Arts, November 2007, all other provider counts obtained from Kansas Behavioral Science Regulatory Board, November 2007, 2006 population estimates from U.S. Census Bureau of Statistics



SUNFLOWER ELECTRIC POWER CORPORATION

A Touchstone Energy® Cooperative 

TESTIMONY
by
L. EARL WATKINS, PRESIDENT & CEO
SUNFLOWER ELECTRIC POWER CORPORATION
before the
KANSAS SENATE
COMMITTEE ON COMMERCE
on
TUESDAY, FEBRUARY 5, 2008

Good morning. My name is Earl Watkins and I serve as the President and CEO of Sunflower Electric Power Corporation. Thank you for providing me the opportunity to speak in support of Senate Bill 453.

Sunflower Electric is a not-for-profit corporation operated as a cooperative owned by six rural electric cooperatives that provide retail electric service in central and western Kansas. Sunflower provides wholesale power to these six rural electric cooperatives and is governed by a 12 member board, made up of representatives from the six cooperatives.

The electric cooperatives are Lane-Scott Electric Cooperative, Inc., Dighton; Pioneer Electric Cooperative, Inc., Ulysses; Prairie Land Electric Cooperative, Norton; The Victory Electric Cooperative Association, Inc., Dodge City; Western Cooperative Electric Association, Inc., WaKeeney; and Wheatland Electric Cooperative, Inc., Scott City.

Sunflower's members provide retail electric service to just less than 400,000 people in 55 counties in central and western Kansas. This is a very rural area that has experienced economic decline for decades. Population records indicate that since the 2000 census, this geographic area has lost over 5% of its population. The economy of the region is dependent on agriculture and oil and gas extraction. Income statistics for the region consistently fall well below similar statistics in urban areas of Kansas. We also serve over 54,000 people who live below the poverty line and over 68,000 senior citizens. .

Sunflower and our Members have been very active in rural development within our service territory. Obviously, providing electric infrastructure is a critical component of rural development efforts. Our Member cooperatives are planning and building today for infrastructure that will be needed in three, five, or ten years.

Senate Commerce Committee

February 5, 2008

Attachment B-1

Over the last 15 years Sunflower and our Members have worked with USDA Rural Development to help communities and businesses secure over \$9 million dollars of funds to finance community and economic development projects in central and western Kansas.

Sunflower has also been an active member of wKREDA, the western Kansas Rural Economic Alliance. The cooperative philosophy has served wKREDA well – a group that comes together to solve common problems. Community development in a rural area is more challenging than in urban areas that have greater population and tax base to support development. In western Kansas we have additional challenges, being located significant distances from urban population centers.

Sunflower supports the creation of the Rural Development Commission because we believe this provides the opportunity to focus on problems unique to rural communities. Sunflower strives to have good working relationships with the Kansas Department of Commerce, USDA Rural Development, Small Business Development Centers, Certified Development Companies, and other groups that provide assistance in our region. These groups provide important services to rural Kansas. However, we believe the Commission on Rural Policy provides the opportunity for all of these entities to work with rural Kansas communities for the benefit of all.



WESTERN KANSAS RURAL ECONOMIC DEVELOPMENT ALLIANCE

P.O. Box 980, Hays, Kansas 67601

Call us toll free at 800-982-3501 or visit our web site at
www.discoverwesternkansas.com

TESTIMONY

By

Eric Depperschmidt, President

Finney County Economic Development Corporation

Before the

Kansas Senate

Committee on Commerce

Tuesday, February 5, 2008

Madam Chair and members of the committee, good morning, I appreciate the opportunity to appear before you today to speak in support of Senate Bill 453.

My name is Eric Depperschmidt, President of Finney County Economic Development Corporation; I also have the privilege to serve as Vice-President of western Kansas Rural Economic Development Alliance (wKREDA). wKREDA is a coalition of people in the 53 western Kansas counties who have decided to pool their resources, both human and financial, to work together for the common good of western Kansas. wKREDA's members maintain a collaborative affiliation with each other so that we are able to achieve both our individual, and our collective, rural development goals.

As a volunteer organization, wKREDA is governed by a 12-member Board of Directors who meet quarterly to coordinate the activities of the alliance. The Board organizes the activities for the Business Development, Government Affairs, Education and Public Relations committees. In addition, many ad hoc task force groups are created as needed to meet the opportunities and challenges faced by wKREDA's membership.

wKREDA's mission is to work together for the common good of western Kansas. The purpose and objective of wKREDA is:

- To promote the exchange of ideas and information among members to enhance their effectiveness in their local organization and the wKREDA region, and
- To provide members educational, legislative, and recruitment opportunities and other resources to assist in local and regional community and rural development efforts and
- To revitalize western Kansas through cooperative, community and rural development endeavors.

Senate Commerce Committee

February 5, 2008

WESTERN KANSANS WORKING TOGETHER

Attachment 9-1

wKREDA supports the concept of the creation of the Kansas Commission on Rural Policy also known as Senate Bill 453, however wKREDA would like to work further with our Kansas legislators to clarify what authority the Commission may have in regards to rural policy. We believe this will provide opportunities to focus on issues unique to rural communities in Kansas which will play a vital role in the economic viability of rural Kansas. wKREDA looks forward to the opportunity to work with the Kansas Legislature and other state agencies to further develop this policy for the overall benefit of rural Kansas.

Again thank you for this opportunity and I will now make myself available to answer any questions that you may have in regards to wKREDA and Senate Bill 453.



League of Kansas Municipalities

300 SW 8th Avenue
Topeka, Kansas 66603-3912
Phone: (785) 354-9565
Fax: (785) 354-4186

To: Senate Commerce Committee
From: Kimberly Winn, Director of Policy Development & Communications
Date: February 5, 2008
Re: Support for SB 453

On behalf of the member cities of the League of Kansas Municipalities, I would like to thank you for the opportunity to appear in support of SB 453. LKM believes that the issues facing rural Kansas are critical to our State's future and we must actively engage in discussion and action to work to make the communities of Kansas as successful as they can be.

Of the 627 incorporated cities in Kansas, 509 are under 1,000 in population. These small cities form the backbone of rural Kansas and we believe that it is important that these cities be represented on the Kansas Commission on Rural Policy. To that end, we are requesting that one position be added to the Commission with an individual to be appointed by the League of Kansas Municipalities.

Local governments are critical players in the success of our communities and we believe that it is important that they be represented. For these reasons, we support SB 453 and respectfully request that one municipal member be added to the Commission.



Kansas Agri-Women

Kansas Agricultural Aviation Association

Kansas Agricultural Alliance

800 SW Jackson St. Ste, 1300 Topeka, Kansas 66612, 785.234.4535 Fax 785.234.0278

Senate Commerce Committee
SB 453, Creating the Kansas Commission on Rural Policy
February 5, 2008

Dear Chairpersons Brownlee, Jordan and members of the Senate Commerce Committee,

Thank you for the opportunity to provide written testimony in support of SB 453 and the creation of the Kansas Commission on Rural Policy.

Rural communities provide education, employment, services and opportunities for social interaction for their residents and clearly play a vital role in the social structure of our nation. Today, these communities face significant challenges that threaten their future viability, including: vast outward migration occurring over the last century, an inability to attract and retain young people, scarcity of economic capital, the future transition of wealth to urban centers, and a lack of individuals equipped to serve at the next generation of community leaders and visionaries.

The Kansas Agricultural Alliance is an association of 18 organizations focused on advancing agriculture and related industries across the state of Kansas. Our membership includes producer and commodity groups and representatives of agri-business and industry. Our member organizations recognize these trends and are concerned about the future impacts on our operations and on the rural communities we serve.

The Commission on Rural Policy would elevate rural issues and would create opportunities for rural leaders to strategically solve issues and provide hope for a bright future across the state. The Commission would provide the ability for small businesses to connect with resources that will help them remain viable or assist with plans for expansion or the creation of new products and jobs. The Commission would also give communities access to resources and the best practices in leadership development, wealth retention, and opportunities to attract young people back to their hometowns.

Thank you for your leadership and vision to make rural Kansas an economically diversified and attractive place to live and work.

We respectfully ask for your favorable consideration of this legislation and look forward to working with the commission to identify opportunities for our members across the state.

Respectfully submitted by,

Dana Peterson
Chair, Kansas Agricultural Alliance

Senate Commerce Committee
February 5, 2008

Attachment 11-1



KANSAS LEGISLATIVE POLICY GROUP

P.O. Box 555 • Topeka, Kansas 66601 • 785-235-6245 • Fax 785-235-8676

**Testimony of
Paul Beck, President
(Paul is a member of the Ness County Commission)
Kansas Legislative Policy Group
Before the Senate Committee on Commerce
Senate Bill 453
February 5, 2008**

Dear Madam Chairwoman and Members of the Committee:

Thank you for the opportunity to provide written testimony in support of Senate Bill 453. The Kansas Legislative Policy Group (KLPG) is a bipartisan, voluntary, independent, non-profit corporation of elected commissioners from 30 western Kansas counties. We appreciate the opportunity of submitting remarks on this issue, which is of great importance to our member counties.

For some time our counties have lost our best and brightest because of a lack of employment opportunities. At the same time our population is aging. For example, Ness County had a population of 4,535 at the turn of the 20th Century. By 1990, our population had dipped to 4,033 and by the time of the 2000 census, our population had fallen to 3,454 citizens. We are losing the population that sustains the heritage and culture of rural Kansas. In addition, a loss of population directly affects our tax base and our ability for our local governments to serve our customers.

Senate Bill 453 is a step in the right direction to addressing some of the problems of rural communities. The Kansas Commission on Rural Policy will work to foster leadership, encourage wealth retention and generation, developing entrepreneurship and economic development, and retain youth in our rural communities. The grant program that will be authorized upon the passage of Senate Bill 453 will provide an important tool for those working to revitalize rural Kansas.

Senate Commerce Committee
February 5, 2008
Attachment 12-1



PUBLIC POLICY STATEMENT

SENATE COMMERCE COMMITTEE

Re: SB 453 Creating the Kansas Commission on Rural
Policy

February 5, 2008
Topeka, Kansas

Testimony Provided by:
Steve Baccus
President

Madame Chair... members of the committee... Good morning. I appreciate the opportunity to appear before you today.

My name is Steve Baccus. I'm a farmer from Ottawa County. My wife, Pat, and I raise corn, wheat, milo, soybeans and sunflowers on ground just north of Minneapolis that's been in my family for four generations.

I'm also privileged to serve as president of Kansas Farm Bureau. We're the largest grassroots advocacy organization in Kansas.

If it impacts farmers, ranchers, or the small, rural communities our members call home – Kansas Farm Bureau is involved.

One of the things our farm families are most concerned with – is the very survivability of their hometowns.

Senate Commerce Committee

February 5, 2008

Attachment 13-1

My story's pretty typical of a lot of folks of my generation in Kansas. I grew up working our farm with my Dad. As a young man, I left home to strike out on a career of my own – away from the farm and my hometown of Minneapolis.

Then one day, I got the call.

It was my father, informing me he was planning to retire... and asking if I would be interested in returning home to rural Minneapolis, Kansas and take over the family farm?

So I had a difficult decision to make. Do I walk away from my fledgling off-the-farm career and abandon my plans to build a life far from rural Kansas?

In the end, that's exactly what I did.

I came back home – got involved in Farm Bureau, got involved in my rural community of Minneapolis.

As the years progressed, living, working, raising a family in Minneapolis, the trends became increasingly clear and I began to notice small, subtle changes in rural Kansas.

We're consolidating school districts... fewer new businesses are opening on Main Street... there are fewer people who do what I do for a living – farmers.

All of this is symptomatic of the very phenomenon that had such an impact on my own life.

The generations younger than me – are leaving home, just like I did. But unlike me, they are not coming back.

A couple of years ago, one of our young farmer members asked, with a tear in her eye, if there was something her farm organization could do to help ensure the economic viability of her hometown.

The more we thought about it, and thought about the role and mission of our organization – the more we realized, she could not have asked a more pertinent, timely question.

Her story was typical of farm families today– one or both spouses generally work part or full time off the farm and she wanted to make sure her hometown would be economically strong – to allow off-farm employment – so her young family could stay on the farm.

So, for a couple of years, a core group of Farm Bureau folks sought out and engaged the gamut of individuals and groups involved in all aspects of rural development. We needed to get smarter.

We heard from government: federal, state and local. We listened to bankers, philanthropists, economic development professionals. We visited with business recruitment types, economists and educators.

We learned about community foundations. We heard from academicians and professors.

It was an eye-opening experience. When we finished this exercise, we asked ourselves two very important questions:

Are the current efforts working? And – is there something Kansas Farm Bureau can do?

When you get your arms around all this stuff, you can make a persuasive argument that all of this effort – all of the taxpayer dollars, energy, human and financial resources...

...all the blood, sweat and tears that are being poured into rural Kansas under the auspices of 'rural development' – are simply not working, despite the very best of intentions.

If the goal is to keep our hometowns viable and growing, any reasonable observer would look at the numbers and say we're not there.

We were also able to identify our needs and goals to four basic areas:

Leadership development, youth retention, fostering entrepreneurship and wealth retention.

I'll touch briefly on two of these, because I'm confident the other conferees will hit on the rest.

What's the most important aspect of "leadership development?" Don't you need leaders... to develop?

That's why the farmers and ranchers of our organization are so excited about this. We've got 'em!

Kansans with the desire, the interest and enough foresight to stand up and volunteer to serve on a county Farm Bureau board.

By their very nature, our 105 county Farm Bureau organizations are leaders within their communities. These are people who have the desire to save their

hometowns, but lack the skill sets to get it done. And it frustrates them. Because they're do-ers.

We have 105 of them. A built-in volunteer infrastructure in every single county in Kansas – each with an emotional stake in their hometowns. Groups of people who have made a conscious decision to build their lives and raise their families in rural Kansas communities.

Unfortunately, we currently lack a coordinated effort to replicate our leaders and expand their skill set in rural communities across the state. That gap is one of the challenges this legislation seeks to remedy.

If you'll allow me, a quick illustration about why it's so vital that we work to retain wealth in our hometowns.

Some of the saddest stories I've heard... and I've heard this story from a host of small-town Kansas bankers... are clear indicators of what we're up against.

The kids are grown and gone, making their lives in the bright lights of the big city. But then Mom and Dad pass on.... Kids come back to the hometown for the funeral... the service is at 10 o'clock... the burial is out at the cemetery at 11 o'clock... at noon they return to the church for a meal with family and friends...

At 1 o'clock, on the way out of town, the kids stop at the bank.

And by 2 o'clock, the kids are in the car on their way out of town and the money's already been electronically transferred to Johnson County... or Wichita... or Dallas... or Denver... and that wealth will **never** return to rural America.

Rural Kansas is becoming more rural.

The makeup of this very committee will give you a sense of this. This committee is an accurate reflection of our state legislature.. and the legislature is an accurate reflection of where people live in Kansas.

Five of the nine of you on this committee represent districts that are mostly urban or suburban in nature.

I don't say this as a negative... we love you all! I offer this as a description of where people live in Kansas today.

It's not only reflective... it also points out how important it is for people like me – to make sure I am effective at sharing with you what's occurring in our rural communities.

Finally, there's a huge intangible that's wrapped up in rural, small town Kansas living. It's hard to describe, but we all know it when we see it.

It has to do with family and tradition, it has to do with a comfort level of knowing your neighbor and caring about your community to want to work to preserve it. There's a peace of mind aspect that is innate in rural community living.

It's this intangible that drove my decision years ago, when my Dad called and asked me to come home.

I'm fortunate. From my perch as a leader in an organization made up of people who embody this intangible – and want nothing more than to preserve it.

Senate Bill 453 will put in place that framework to harness that passion, preserve our hometowns... and allow future generations to live out their dreams.

Thank you for your time and I'll be delighted to answer any questions you may have.

Contact Information:

Steve Baccus
President
Kansas Farm Bureau
2627 KFB Plaza
Manhattan, KS 66503
785.587.6000
baccuss@kfb.org

Kansas Farm Bureau represents grass roots agriculture. Established in 1919, this non-profit advocacy organization supports farm families who earn their living in a changing industry.



KANSAS COUNTY TREASURERS ASSOCIATION

TESTIMONY ON SENATE BILL 453

TO: SENATE COMMERCE COMMITTEE
FROM: KANSAS COUNTY TREASURERS ASSOCIATION
SUBJECT: SENATE BILL 453
DATE: 2/4/2008

Thank you for the opportunity to provide support on this important matter. As an organization representing local elected officials predominantly in rural Kansas we have seen the decline of jobs and opportunities in many of our areas. We support the focus of the Commission this bill creates on the plight of rural Kansas.

Making Kansas a national leader in the creation of new jobs and economic growth in rural areas of the State is an exciting concept and one that has needed attention for some time. Fostering the development of entrepreneurship and encouraging local wealth generation are initiatives that could spur rural Kansas further into a prosperous future.

Research and advocacy in the provision of tax credits and financing through local regional and community foundations to promote rural economic development and encourage the entrepreneurial activities necessary to bring the vitality back to rural Kansas are sound public policy ideas.

Only a dedicated entity like the one proposed by this bill will allow the focus required to bring all parties together in the development of a model of rural development for our State and the Nation. Staffing such an endeavor will help insure success rather than leaving the complexity to only well meaning volunteers.

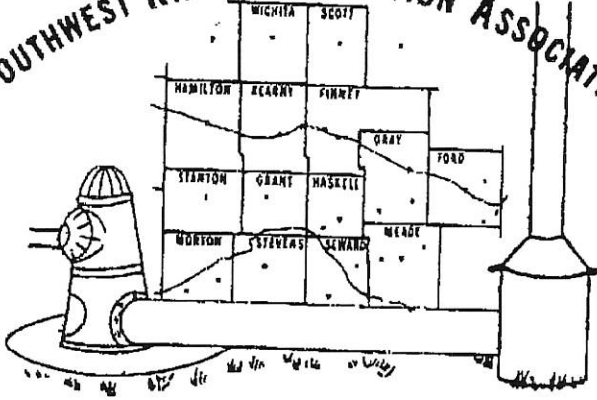
The well being of rural Kansas should no longer be left to chance and we applaud this effort to keep rural Kansas the best place in Kansas to live! Please contact me with any questions.

Nancy Weeks
Legislative Chair

Senate Commerce Committee
February 5, 2008

Attachment 14-1

SOUTHWEST KANSAS IRRIGATION ASSOCIATION



Box 254
Ulysses, Kansas
67880

To: Senate Commerce Committee
From: Southwest Kansas Irrigation Association
Date: 2/4/2008
Re: Senate Bill 453

Members of the Senate Commerce Committee

Thank you for considering Senate Bill 453. The Southwest Kansas Irrigation Association appreciates your time and attention to the wellbeing of Southwest Kansas and other rural areas of the State. For us to continue to thrive in rural Kansas this measure needs passage to set us on the road to longevity and continued prosperity for the future.

As the bill points out our rural communities provide employment, education, services and opportunities for social interaction and play a critical role in the economic viability of the state of Kansas. Our rural communities can not be allowed to decline further if Kansas is to flourish.

Our rural communities need focused efforts by the state of Kansas to help us continue to contribute to the welfare and economy of the state. The needs of our rural communities can best be met by a mechanism like the commission set forth in Senate Bill 453.

Such a commission bringing together the interests of citizens of the state of Kansas as well as the public and private entities engaged in rural and community development will serve to get all the stakeholders and effected parties to the table seeking the best solution.

Keeping rural Kansas a desirable place to live, work and raise a family should be the focus of such commission. An entity like this one could pull together the efforts of all concerned to grow jobs and opportunities in rural Kansas and as a result make Kansas the leader in rural development in the Country.

Once again thank you for taking time to consider this most important matter of rural development and the continued quality of life that so many Kansans have enjoyed. Please feel free to contact me or our representative in the Capitol, Steve Kearney, with any questions.

Sincerely,

Kirk Heger

1

Senate Commerce Committee
February 5, 2008

Attachment 15-1



KACF BOARD OF DIRECTORS

- Chip Blaser, *Douglas County Community Foundation* chipblaser@dccfoundation.org
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- Denise Unruh, *South Central Community Foundation* denise@southcentralcommunityfoundation.com
- Betsy Wearing, *Greater Salina Community Foundation* betsywearing@gscf.org

January 31, 2008

The Kansas Association of Community Foundations (hereinafter KACF) is pleased to provide this letter of information and support for the efforts by Kansas Farm Bureau and the State of Kansas to address the many issues facing rural Kansans in the coming years.

It is estimated that nearly \$66 billion will transfer from one generation to the next in Kansas alone by the year 2020, and as much as \$598 billion by the year 2060. In no other place except rural Kansas will this transfer have the greatest impact. Rural communities currently struggle to retain population – including its youth, to cultivate the next generation of leaders, and to retain its local businesses and schools.

The KACF supports and encourages efforts by the State of Kansas to promote wealth retention, foster leadership and entrepreneurship, and increase efforts to retain the youth of rural areas. Senate Bill 453 addresses these challenges partly by advancing State efforts to coordinate research and advocacy, and to provide tax credits and financing through Kansas community foundations that promote wealth retention and other community development activities.

Community foundations across Kansas stand ready and able to assist in retaining a percentage of this transfer of wealth. Community foundations are local organizations designed to capture local giving. Because people like to give to causes they care about, and many rural residents care about their communities, endowment funds at local community foundations are ideal. With the transfer of wealth peaking earlier in rural, agricultural areas, incentives such as tax credits are a certain way to encourage local people to leave a portion of their estate or assets for the good of their particular community.

The time to act is now. Because of the imminent timing of this wealth transfer, the KACF encourages the legislature to enact measures and incentives that create local options for Kansas residents to support their communities.

Sincerely,

Becky Goss
Chair, Kansas Association of Community Foundations

Senate Commerce Committee

February 5, 2008

Attachment 16-1



Date: February 4, 2008
To: Senate Commerce Committee
From: Doug Wareham, Senior Vice President-Government Relations
Re: Support for Senate Bill 453

The Kansas Bankers Association (KBA) appreciates the opportunity to submit this statement in support of Senate Bill 453. KBA's membership includes 347 Kansas banks that employ nearly 15,000 Kansans that operate more than 1,300 banking facilities in 440 towns and cities across the state.

KBA has a long-standing history of supporting policies and programs that promote economic and rural development in Kansas. S.B. 453, which creates the Kansas Commission on Rural Policy, will provide much-needed emphasis on rural development initiatives in Kansas and will enhance cooperation and communication among existing state and private agencies focused on improving the economic climate in rural Kansas.

Rural Kansas bankers are keenly aware of the negative impact of rural depopulation and the accompanying negative impacts of wealth transfer. S.B. 453 specifically charges the Kansas Commission on Rural Policy with identifying best management practices and strategies to promote and finance rural entrepreneurial activity and wealth retention. The Kansas banking industry also recognizes the importance of developing and retaining the next generation of rural community leaders and supports the added-focus this measure will provide in the areas of youth retention and rural leadership development.

KBA encourages the Senate Commerce Committee and the entire Kansas Legislature to act favorably and promptly on S.B. 453. Thank you for the opportunity to submit written comments in support of this measure. For more information please feel free to contact me at (785) 232-3444 or at dwareham@ksbankers.com.

Senate Commerce Committee

February 5, 2008

Attachment 17-1



**POTTAWATOMIE COUNTY ECONOMIC
DEVELOPMENT CORPORATION**
PO Box 288, 1004 Lincoln Ave
Wamego, Kansas 66547
785-456-9776
bobcole@ecodevo.com
www.ecodevo.com

Thursday, January 31, 2008

TESTIMONY TO THE SENATE COMMITTEE ON COMMERCE
RE: SENATE BILL 453

By

Robert L. Cole, Director, Pottawatomie County Economic Development Corporation

Mr. Chairman, members of the committee: My name is Robert L. Cole, Director of the Pottawatomie County Economic Development Corporation. I am here today to lend our strong support to the purposes and direction of Senate Bill 453, establishing the Kansas Commission on Rural Policy.

Kansas should be a major leader in rural community and economic development policy, strategy and implementation. For too long, we have been looking at rural Kansas through the lens of the last great historic period; from settlement, through the growth of agriculture, the discovery and rapid extraction of mineral wealth, then the depletion of mineral wealth, the consolidation of agriculture and the resulting out-migration of families, and loss of critical mass for business, industry and governance.

It is time for a new look at rural Kansas, one that is not considered through this prism of the past, but one that anticipates the opportunities of the future, assesses the potentials for rural communities, and acts to bring future opportunities and existing potentials together. Your proposed Kansas Commission on Rural Policy can be the catalyst for systematic focused

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appraisal of future opportunities and local potentials, and a powerful instrument for empowering local people to take those actions needed to match potential with opportunities.

Many communities in rural Kansas are already embarked on paths to renewal. Many others are not. Many communities in the very most rural parts of Kansas have lost so much critical mass of population, business presence, public revenue and leadership that it will be a serious challenge for them to recover. Nonetheless - even in many of those communities, there is potential for a renaissance.

In spite of the fact that most communities in Kansas were founded to take advantage of deposits of natural resources, agricultural, or ranching opportunities and that the nature of those historic opportunities has changed - it remains true that many of our rural communities are located on good transportation networks, with adequate water and power, and beautiful surrounding esthetics. It is those communities, especially those that are served now or in the future with high-speed telecommunications that may bear the best chance of recovery and growth.

Marketing: We believe that we collectively greatly undervalue the potential of rural Kansas as a destination for visitors, and as a great place to live, work and do business for others. Visitors are looking for authentic local experiences, among them ag-tourism, heritage and outdoor recreation opportunities. Among urban populations, young and old alike, many are tired of crime, congestion, high cost of living, high taxes, and deteriorating quality of life. Many of our rural communities offer excellent quality of life, including outdoor recreation, great schools, affordability, good services and the networks of people that enrich life. However, we often seem ashamed of ourselves and what we have to offer and do a poor job of marketing rural Kansas to others - even to our own in-state urban neighbors. We would encourage the committee to add the development of innovative marketing strategies to the charge of the Kansas Commission on Rural

Policy, so that it can help develop effective strategies to market rural communities to visitors, new businesses, professionals, retirees, and young families alike.

Entrepreneurship: The impact of many smaller successful businesses and industries may equal the economic impact of one large one. Yet, we tend to denigrate the importance of the many small successes in our assessments and public celebrations of success. While there are opportunities in rural Kansas for the development of very large industrial projects - we ought not overlook the many opportunities for small business development and expansion that exist. We can point to many such examples, where recruitment, local start-up, or expansion of smaller businesses has made the crucial difference in the life of a community. For that reason, concentration on development of Entrepreneurship in rural Kansas is an appropriate and critical focus of your charge to the Kansas Commission on Rural Policy.

Leadership: Many small jurisdictions, counties and cities have lost so much population, and continue to lose their "best and brightest" that the pool of potential leaders has significantly diminished. Yet, our experience is that it those small communities that have developed or possess clusters of great leaders, are best able to reverse the tide of decline. For that reason, the focus in your bill on the development of Leadership, is a critical component. We would encourage the commission, when formed, to assess the many leadership programs that exist throughout the state, and to act in ways to expand, strengthen and add to their number and the intensity of their training offerings, especially to existing rural leaders and to our young people.

Youth Attraction and Retention: This element of your charge to the Kansas Commission on Rural Policy is a very critical component to the future success and sustainability of rural Kansas and its communities. In order to attract and retain our young people, we have to make rural Kansas a Great Place To Live! Not in our terms, but in theirs. It is in this arena that Quality of Life takes on

new meaning for us. There is much research that indicates that more highly trained people between the ages of 18 and 40 - those with the greatest number of choices of where to live, work, start businesses and raise families - value Quality of Life very highly. This may require us all to rather radically re-think the importance of outdoor recreation, arts, entertainment, sports, and related quality of life amenities in our overall rural development strategies. What we prefer is immaterial. What the upcoming generations of talented, highly trained, most productive young people prefer - is all-important to the future of rural Kansas. Your Commission on Rural Policy can be the focal point for gathering research on Quality of Life, its relationship to Youth Attraction and Retention and then focusing public policy attention on it as we go forward.

Intergenerational Wealth Transfer and Retention/Regional Community Foundations and other philanthropic organizations, etc: *The importance of development of local capacity in rural Kansas for local retention of some fraction of pending Intergenerational Wealth Transfer for local rural community improvements and development cannot be overstated. The magnitude of this opportunity is little understood and has not been broadly discussed with affected parties in rural Kansas.* We encourage you to ensure that many informational discussions are held with rural leaders and community organizations throughout the state on this matter, and that you craft this and any related legislation to ensure that existing and pending rural foundations, communities and non-profits are not placed at a competitive disadvantage with respect to their ability to access and use state allocated tax credits or other incentives that may be sanctioned by the state to retain local wealth for local projects.

A few additional suggestions for your consideration as you continue to consider Senate Bill 453 and mark up the bill:

Location of the Center: The geographic center of the state of Kansas is approximately at Bushton, about midway between Ellsworth and Sterling. In order to be accessible to as many people in rural Kansas as possible, we would strongly recommend you select a site for the home of the commission as close the geographic center of the state as possible.

Outreach and Collaboration: In our opinion, the greatest potential of the Kansas Center for Rural Policy is to provide a home and distribution center for new information, to be a center for policy research, the engine for training and a center for ongoing collaborative brainstorming. In these efforts - the Commission can be a powerful “flywheel” for the empowerment of rural leaders, businesses, communities and governance. We encourage you to charge the commission with the responsibility to collaborate with others in engaging rural Kansans in a continuous ongoing series of deliberative discussions in the development of new ideas, the application of new strategies, and other matters that may arise.

Our reading of this bill is that you intend the Commission to be a tool - a resource - for rural Kansans to use to their own benefit, rather than an “authoritative” regulatory body making decisions for us without consultation with us. With that in mind, we are happy to offer our enthusiastic support to the basic purpose and direction of SB 453.

Thank you very much for this opportunity to testify and offer these few observations and suggestions.

**Written Testimony on SB 453
Kansas Commission on Rural Policy
to
the Senate Commerce Committee**

**by Adrian J. Polansky
Secretary of Agriculture
Kansas Department of Agriculture**

February 5, 2008

Good morning Co-Chair Brownlee and Co-Chair Jordan. As Kansas Secretary of Agriculture, I am a strong proponent of rural development. It is good to be aware of ongoing rural development in Kansas, as well as the activities and opinions of the many individuals and groups who have a stake in the future of our rural communities and agriculture.

I have a deep commitment to rural development and am optimistic about the future of the rural areas of our state. However, I am concerned that SB 453, in its current form, may or may not build the kind of foundation necessary to take us into that future.

The bill is vague, with several points needing clarification. These include:

- Information about how the new commission interacts with existing rural development entities;
- Whether all stakeholders have had an opportunity to have input into the structure of a new rural development entity;
- How the commission would interact with state and local rural opportunity programs;
- Where funding will come from;
- How the commission will not be a duplication of services.

I appreciate Kansas Farm Bureau elevating the need to focus greater attention on rural development issues in the state. I also see the need to evaluate all options including Kansas Inc.'s document "Enhancing the Structure of Rural Development in Kansas." It is a common-sense proposal that addresses many of the concerns contained in SB 453 using existing state resources.

The Kansas Department of Agriculture is an active partner with the Department of Commerce and other entities such as the Kansas Small Business Development Center, Network Kansas, USDA Rural Development, Kansas State Center for Engagement and Community Development and other state and federal stakeholders. We believe a wide range of rural stakeholders should be a part of developing policy that will affect them in the future.

Thank you.

CHEYENNE	RAWLINS	DECATUR	NORTON	PHILLIPS	SMITH
SHERMAN	THOMAS	SHERIDAN	GRAHAM	ROOKS	OSBORNE
WALLACE	LOOAN	GOVE	TREGO	ELLIS	RUSSELL

Northwest
KANSAS

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TESTIMONY Concerning Senate Bill 453

By

Randall J. Hrabe, Executive Director

Northwest Kansas Planning & Development Commission

Tuesday, February 5, 2008

Senator Brownlee, Committee Members and Other Interested Parties,

Thank you for allowing me to testify on behalf of the Northwest Kansas Planning & Development Commission concerning Senate Bill 453.

As a short background, the NWKP&DC serves as the regional planning & development commission for the 18 northwest Kansas counties. Our organization is involved in administering all Community Development Block Grant funds received by cities and counties in our area, we package and service all Small Business Administration 504 Loans and our housing organization has built 90 affordable housing units over the last 8 years. We have been involved in various county leadership programs and have worked with numerous small entrepreneurs in starting up their business dream.

My comments today were discussed and approved at our board meeting on January 30th.

Initially, I was adamantly opposed to the legislation creating the Kansas Commission on Rural Policy. It was not the fact that rural areas of Kansas were not in need of help in dealing with the issues of out-migration, leadership or entrepreneurship. I was mainly opposed to the legislation because of the fear of creating just another bureaucratic organization. I had trouble figuring out how the State could come up with the proposed \$250,000 for office operations and the \$1,000,000 for grant funds, when the Certified Development Companies of Kansas have had their performance grant cut by \$195,500 (41%) over the last several years because of budget cuts.

I was opposed to this legislation, because in my opinion, the Enterprise Facilitation program started a few years ago has been less than successful and to make things worse the regional foundations now have to give 5% of all donations we receive from the Rural Business Development Tax Credit program back to the State to help fund this less than successful program. When created, this Enterprise Facilitation program was supposed to be the "savior" for entrepreneurs that lacked the skills or funding to start their business. Now, we are creating a new commission/authority to help with entrepreneurs.

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I agree with the “four pillars” as identified in the legislation (Leadership, Youth Retention, Entrepreneurship and Wealth Retention). These are all items that have been included for many years in our regional economic development strategy.

I agree that the best practices of other states need to be looked at and adopted by Kansas, if they fit and will improve the economy. An organizational strategic “think tank” is needed, but it was always my understanding this was partially the scope of work of Kansas, Inc. Maybe Kansas, Inc. should be the vehicle used for rural strategic planning?

The Kansas Regional Planning Commissions are in the process of forming a statewide organization. One of the goals is for RPC’s to provide more consistent services throughout the State.

The legislation refers to locating the organization in a community with a rural knowledge base, rural resources and leadership. This sounds good, but I would also suggest it be located in a central location (i.e. Salina).

I oppose the matching funds language of the grant funds. Most of the small communities we deal with do not have the extra \$50,000 to be used as matching funds. Maybe a smaller percentage amount of matching funds would be more palatable.

I am a little confused on the rural authority mission of “facilitating, supporting financing and performing rural development projects.” This is a rather vague mission statement, but that may be what is wanted so they can expand their horizons without limitation.

Youth retention is something we all have been working on for many years. It basically comes down to jobs that pay a good wage. I was recently at a meeting in which a disturbing comment was made by a business wanting to expand. Actually, this business has a substantial number of employees and is located in a community of less than 2,000 people. The owners comment was, “they did not pay what the industry standard was for wages in a business of that type, because of lack of competition for higher wages.” He basically said, they are located in the rural area because of the cheap labor. Given that attitude, which I feel it is very prevalent among manufacturing businesses, why would youth want to remain in rural areas? Again, retaining youth in rural areas is as simple as providing higher paying jobs, but definitely needs to be addressed if rural communities are to survive.

A part of the legislation refers to providing tax credits and financing through regional community foundations. I hope consideration would be given to the current regional planning & development organizations.

I am uncomfortable with the board being all political appointees (other than the non-voting members of Kansas, Inc., KDOC and Department of Ag). The reason for this hesitation or uncomfortable feeling comes partially from the State’s Economic Summits held several years ago. As far as I could see, the individuals appointed to lead these regional summits were all, what I refer to as the “high rollers” or individuals with

considerable wealth in the region. This is not criticizing these individuals, but many were likely chosen because of donations made to some political campaign. I feel a better way to choose the Rural Commission board would be to receive nominations from the different regions and then be approved by the legislature.

The legislation also refers to, "...will not compete with other state and private agencies, but will design and optimize such agencies." I am not sure what is meant by design and optimize. Is this commission going to design a scope of work of regional or community organizations?

When talking about 20 pilot communities, what are the goals to be accomplished? Youth retention, leadership development, entrepreneurship and wealth retention are all long term objectives. The hundreds of other communities in the State may be completely gone before the results are in from these pilot projects.

In summary, I feel there is a real need to expand the "four pillars" in rural areas and a strategic "think tank" looking at best practices can't hurt. Although there are a number of issues of concern, the general idea of this legislation would be good for rural areas and all of Kansas.

I sincerely thank you for your time in listening to my concerns and if there is anything I can do to be involved in the molding or fine tuning of this legislation, please feel free to give me a call. Thank you!

Randall J. Hrabe
Executive Director
NWKP&DC

Kansas, Inc. Testimony on Senate Bill 453
Senate Commerce Committee
February 5, 2008
Stan R. Ahlerich, President

Co-Chairperson Brownlee and Co-Chairperson Jordan, members of the Senate Commerce Committee, Kansas, Inc. appreciates the opportunity to provide testimony on Senate Bill 453 establishing the Kansas commission on rural policy.

Kansas, Inc. stands neutral on Senate Bill 453.

Kansas, Inc. is an independent, objective, and non-partisan organization designed to conduct economic development research and analysis with the goal of crafting policies and recommendations to ensure the state's ongoing competitiveness for economic growth. Through analysis and open dialogue, Kansas, Inc. identifies policy options and builds consensus essential for concerted action on vital economic issues.

The framework for our testimony highlights aspects of the rural development strategies and recommendations brought forth in the 2007 Kansas Economic Development Strategic Plan, *Leveraging our Foundations and Designing the Future*. The Strategic Plan is the result of a yearlong process, driven by sound, fundamental research and tested with business input throughout the state. The issue paper provided to you, entitled: *Enhancing the Structure of Rural Development in Kansas* specifically highlights several of these aspects.

Briefly, the mission of rural development formulated through the Strategic Planning process is to "enhance the prosperity of rural Kansas by developing innovative solutions recognizing local and regional strengths to ensure the quality of life in rural areas." The rural development model outlined in the Strategic Plan provides a holistic, integrated approach based on four key pillars (capital, access, leadership, and benchmarking), using incentives as the engine that drives integration to address rural development issues in Kansas.

Again, thank you for the opportunity and we applaud the common sense approach of your Committee to build prudent policies for our future.

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**Testimony of Commerce Secretary David Kerr
on Senate Bill 453**

To be delivered Tuesday, February 5, 2008

Senate Bill 453 proposes the creation of a Commission on Rural Policy to address the needs of rural Kansas. While the Kansas Department of Commerce strongly supports the bill's heightened focus on rural issues, we are unable to either support or oppose the bill because of its vague nature language. Therefore, we remain neutral on the bill and encourage the authors and/or this Committee to clarify key provisions, including the following:

"(T)he commission ... will develop strategies ... that incorporate ... State efforts to coordinate research and advocacy to provide tax credits and financing through regional community foundations and other philanthropic organizations, and to promote and finance rural entrepreneurial activity and wealth retention."

Our concern: It is unclear the relationship and/or responsibility the commission would have relative to the regional foundations, centers for entrepreneurship, Network Kansas and the Kansas Small Business Development Center.

"The other three members of the board of directors shall serve ex officio: the secretary of commerce, the secretary of agriculture and the president of Kansas, Inc. ... The ex officio members ... shall be nonvoting members..."

Our concern: To fully engage all members of the board, including the ex-officio members, it is suggested that all members of the board retain voting status.

"The Kansas commission on rural policy shall develop community-based programming and funding in the following key areas: Fostering leadership; encouraging wealth retention and generation; developing entrepreneurship and retaining youth..."

Our concern: Again, it is unclear the relationship and/or responsibility the commission would have relative to the regional foundations, centers for entrepreneurship, Network Kansas and the Kansas Small Business Development Center.

"The commission shall ... develop partnerships with other organizations to begin offering technical assistance to rural communities seeking programming assistance..."

Our concern: This requires clarification of the relationship with Commerce-administered programs, including Kansas Main Street, KAN STEP and Kansas Pride.

"Develop on-the-ground resources for rural communities utilizing existing resources ..."

Our concern: How would "existing resources," including staff administering Commerce programs, be impacted?

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“The commission will ... review rural development programs in other state agencies and provide strategic direction.”

Our concern: It is unclear how this impacts the Office of Rural Opportunity, which currently resides in Commerce. Would the commission supplement, replace or displace this program? The reference to “strategic direction” provides considerable confusion over roles and responsibilities and appears to be in conflict with the statutory role of Kansas Inc.

“The commission will ... administer the rural community development grant program pursuant to the provisions of section 4 through 6.”

Our concern: It is unclear how this impacts the programs currently administered by Commerce.

“For the purpose of this section ... ‘rural community development activities’ means those activities and programs that focus on fostering leadership; encouraging wealth retention and generation, developing entrepreneurship and retaining youth...”

Our concern: We would like additional clarification on the relationship with existing programs, including Network Kansas, centers for entrepreneurship, regional foundations, etc...

Conclusions:

It is worth repeating that the Department of Commerce welcomes Senate Bill 453’s heightened focus on rural issues. But we remain neutral on the bill until its authors and/or this Committee clarifies the bill’s key provisions.

It is also worth mentioning that the Department of Commerce and its partners – including the Kansas Department of Agriculture, Network Kansas, Kansas Small Business Development Center and countless local organizations – currently fulfill a number of the responsibilities this bill would designate to a new commission on rural policy.

We look forward to a clarification of and the inclusion of specific language in the bill.

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Our concern: It is unclear how this impacts the Office of Rural Opportunity, which currently resides in Commerce. Would the commission supplement, replace or displace this program? The reference to “strategic direction” provides considerable confusion over roles and responsibilities and appears to be in conflict with the statutory role of Kansas Inc.

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It is also worth mentioning that the Department of Commerce and its partners – including the Kansas Department of Agriculture, Network Kansas, Kansas Small Business Development Center and countless local organizations – currently fulfill a number of the responsibilities this bill would designate to a new commission on rural policy.

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