

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:10 A.M. on February 14, 2008 in Room 123-S of the Capitol.

All members were present except:  
Nick Jordan

Committee staff present:  
Jennifer Thierer, Kansas Legislative Research Department  
Norm Furse, Revisor of Statutes  
Jason Long, Revisor of Statutes  
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:  
Jeff Conway, Kansas Department of Commerce  
Wally Kearns, Kansas Small Business Development Center  
Steve Radley, Kansas Center of Entrepreneurship

Others attending:  
See attached list.

To read testimony submitted by conferees go to  
<http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee>.

**SB 489--Regional foundations; limits on use of regional foundation funds**  
**SB453--Creating the Kansas commission on rural policy**

Chairperson Brownlee called on Jason Long, Revisors Office, to explain **SB 489**. Mr. Long stated the bill amends one statute K.S.A. 2007 Supp. 74-50,154, which is the statute that allows a tax credit or contribution to a regional foundation. It sets limits and restrictions on spending by those regional foundations on funds they receive from contributions.

Upon the conclusion of Mr. Long's explanation of the bill, Senator Brownlee announced there aren't any proponents or opponents on **SB 489** and introduced Jeff Conway, Department of Commerce, as a neutral party to give his testimony. Mr. Conway presented written testimony (Attachment 1) Mr. Conway called the Committee's attention to his testimony and stated the Department of Commerce has changed their rules and regs regarding regional foundations and they are similar to the bill. He also stated they changed the contracts and the new foundation contracts will contain language to make the foundations think wisely in the use of these funds. In closing, Mr. Conway stated the Department of Commerce wanted the Committee to know what their response has been to the testimony regarding regional foundations during the interim.

Chairperson Brownlee recognized Secretary Kerr, Department of Commerce, and he stated he commended the Committee for a bill which puts definition into the statute and it gives the Department of Commerce more direction in terms of the intent of the legislation. He also stated the Department of Commerce was in favor of the bill.

There was discussion on 75% for job creation in the bill versus the 60 % job creation in the rules and regs for the Department of Labor. The Committee also discussed changing the language from may to shall.

With no further discussion, Chairperson Brownlee closed the hearing on **SB 489**.

**Senator Schodorf made a motion on page 4, line 10 (2) to change "may" to "shall" making (2) to read "not more than 10% of such funds "shall" be allocated for administrative costs in overseeing a particular project." Seconded by Senator Reitz. Motion carried**

**Senator Reitz made a motion to pass the bill out favorably as amended. Senator Schodorf seconded. Motion carried.**

## CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 14, 2008 in Room 123-S of the Capitol.

Chairperson Brownlee opened the continued hearing on **SB 453** and introduced Wally Kearns, Small Business Development Center, to give his testimony as a neutral party on the bill. Mr. Kearns presented written testimony (Attachment 2) which can be found in its entirety on the link shown on page 1 of these minutes.

Upon the completion of Mr. Kearns testimony, Chairperson Brownlee introduced Steve Radley, Center for Entrepreneurship, to give his testimony as a neutral party of **SB 453**. Mr. Radley presented written testimony (Attachment 3) which can be found in its entirety on the link shown on page 1 of these minutes.

Chairperson Brownlee called the Committee's attention to the written only opponent testimony of the Kansas Downtown Development Association (Attachment 4) which can be found in its entirety on the link shown on page 1 of these minutes. She also called the Committee's attention to the written only neutral testimony of Janine E. Joslin, Kansas Preservation Alliance, Inc. (Attachment 5) which can be found in its entirety on the link found on page 1 of these minutes.

Chairperson Brownlee called on Secretary Polansky, Department of Agriculture, and asked he had any comments regarding the bill. Secretary Polansky stated that his written testimony given in the hearing last week was intended to be neutral rather than an opponent. He has some concerns that the bill needs clarification of the responsibilities of the Commission on Rural Policy to make sure there are not any duplications.

Chairperson Brownlee ask if there was anyone else that wished to testify on **SB 453**, being none, she closed the hearing.

A discussion followed regarding funding and compensation for travel. Chairperson Brownlee asked Farm Bureau how they envision the startup of this commission. Terry Holdren representing Farm Bureau was recognized and he stated the startup was outlined in section 3, page3, line 28 of the bill which lists the commissions first year activities.

Chairperson Brownlee asked how they would interface with the Office of Rural Opportunity. Mr. Holdren stated that the Commission would not be a service delivery organization , they would be a strategic thinking and planning group. Senator Kelly asked what authority the commission would have. Mr. Holdren stated there were amendments from the Department of Commerce that clarify how the commission interacts with the Department of Commerce and other agencies. The Committee has concerns regarding the Commission being charged with getting grants. Mr. Holdren stated there are significant federal funds that are available and also, private and non-profit funds that could flow through this kind of program to communities on the ground that are trying to implement a plan for rural development. Farm Bureau wanted to create a mechanism to help collect this money.

Chairperson Brownlee called on Stan Ahlerich, Kansas, Inc., asking what he saw that was working and what was the weak link while compiling information for the Kansas Inc. strategic plan. Mr. Ahlerich stated he looked at it in depth this year and found there are good people doing good things across the state but there needs to be connectivity connecting all programs together. He stated there are federal dollars that are being left on the table because help is needed in pursuing these grants and with the new initiative presented by Kansas, Inc. that can be done. It was determined that the marketing of the programs that have been set up by the state has not been successful. Steve Radley, Kansas Center for Entrepreneurship, joined the discussion stating that initially when the Center for Entrepreneurship got started it would have been helpful if they had known what programs were available to them. They now have a marketing program for the Center that has been quite successful. Wally Kearns, Kansas Small Business Development Center, joined the discussion. He stated that the existing programs in the state are working and the connectivity is getting better. He endorsed the program that Kansas Inc., is presenting and stated that since the Kansas Economic Growth Act was passed the state has been moving forward. Chairperson Brownlee called on David Kerr, Secretary, Department of Commerce, asking what the Department of Commerce is doing to let people in the rural areas of the state know about the Office of Rural Opportunity. He stated that each one of the entities does a good job of promoting individually but there is a need to find a way to pull all the programs of the state together, whether it be websites, through marketing pieces or advertising.

## CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 14, 2008 in Room 123-S of the Capitol.

The discussion continued. It was noted by Terry Holdren, Farm Bureau, they looked at five other states that have a Rural Policy Commission which allows a focused level on rural development.

Secretary Kerr stated at the appropriate time he had a friendly, amendment to offer on the bill. The discussion continued and how the commission would work and who it would report to. The role and responsibilities of the commission were also discussed. Mr. Holdren, Farm Bureau, stated they would like for the commission to be independent from an agency so they could think independently and make creative recommendations to the entire state government.

Next, Chairperson Brownlee called the Committee's attention to the amendments offered by Secretary Kerr, Department of Commerce. Secretary Kerr presented written copy of his amendments. (Attachment 6) Secretary Kerr stated that with the amendments they are offering, the Department of Commerce could support the bill. Secretary Kerr explained the amendment to the Committee. He stated the biggest change would be that the Commission not duplicate, compete with, assume responsibilities or functions of existing federal or state funded programs or organizations. He stated that the Commission would not develop strategies for other organizations only recommendations. The Committee has some concerns with some of the wording of the amendments.

Chairperson Brownlee asked the Committee to read through the amendments and the bill and they would work the bill another day. She stated the joint meeting with tax for tomorrow is cancelled because the feedback from the business community is that they are not happy with the bill. She stated the Committee will meet at their regular time and work the E911 bill and discuss this bill more. With that, Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next scheduled meeting February 15, 2008 at 8:30 a.m. in room 123 S.





80489

Jeff Conway  
Dept. of Commerce

**110-13-4. Regional business development funds; eligible projects.** (a) Each regional

foundation shall administer a regional business development fund.

(b) The sums generated by contributions to each regional business development fund shall be allocated according to the following provisions:

(1) No less than ~~60~~ 75 percent may be allocated for job creation or retention.

(2) A maximum of 10 percent may be allocated towards the administrative cost of overseeing the project.

(3) The remaining funds may be allocated towards other eligible activities in a manner that fits the region's priorities and needs.

(4) Funds shall not be used to pay for services, studies, or other items that are available from existing sources.

(c) Contributions to the fund shall be utilized by the regional foundation for one or more of the following projects:

- (1) Business start-ups;
- (2) business expansion;
- (3) business retention;
- (4) business support services;
- (5) regional leadership development;
- (6) technology improvements; and
- (7) administrative services.

(d) All interest generated on idle funds administered for this program by the regional foundation shall be used by the regional foundation's board in a manner not inconsistent with this regulation.

DEPT. OF ADMINISTRATION

FEB 07 2008

APPROVED BY FDL

Senate Commerce Committee  
February 14, 2008  
Attachment 1-1

(e) Any regional foundation may exceed the maximum percentages allowed for one or more eligible projects with the prior approval of the secretary. (Authorized by K.S.A. ~~2004~~ 2007 Supp. 74-5002r; implementing K.S.A. 2007 Supp. 74-5005, as amended by ~~L. 2005~~, ch. 104, sec. ~~9~~, and K.S.A. 74-5007a; effective Aug. 12, 2005; amended May 5, 2006; amended P-\_\_\_\_\_.)

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1-2

**K.A.R. 110-13-11. Approval of non-cash contributions.** (a) (1) Before awarding a tax credit for any non-cash contribution, as referenced in K.S.A. 74-50,154(a)(1) and amendments thereto, each regional foundation shall submit to the secretary the following information about the proposed contribution:

(A) A detailed physical description of the item to be contributed;

(B) the proposed value of the contribution;

(C) the item's fair market value; and

(D) the amount of the proposed tax credit.

(2) A determination of the eligibility for tax credits of the item specified in paragraph (a)(1) and the amount of tax credits to be allowed under the act shall be made by the secretary.

(b) The determination specified in paragraph (a)(2) shall be provided by the secretary to the regional foundation within 15 business days of the secretary's receipt of the information specified in paragraph (a)(1). (Authorized by and implementing K.S.A. 2007 Supp. 74-50,154; effective P-\_\_\_\_\_.)

**DEPT. OF ADMINISTRATION**

**FEB 07 2008**

**APPROVED BY FDL**

Dated: January 8, 2008

**RURAL BUSINESS DEVELOPMENT TAX CREDIT PROGRAM  
AGREEMENT NO. 2008-RBDTC-6**

between the

**KANSAS DEPARTMENT OF COMMERCE**

and

**SOUTH CENTRAL KANSAS ECONOMIC DEVELOPMENT DISTRICT**

**WHEREAS**, New Section 70 of Chapter 112 of the 2004 Session Laws of Kansas authorizes the Kansas Department of Commerce (hereinafter referred to as "Commerce") to administer the Rural Business Development Tax Credit Program; and

**WHEREAS**, the Kansas Department of Commerce has reviewed and approved the proposal of the South Central Kansas Economic Development District (hereinafter referred to as "Regional Foundation") and allocates tax credits for the purpose of the Regional Foundation's projects; and

**WHEREAS**, the Regional Foundation desires to become, or to form, a regional foundation for the South Central economic development region of Kansas under the Rural Business Development Tax Credit Program; and

**WHEREAS**, Commerce and the Regional Foundation are parties to this Agreement;

**NOW, THEREFORE BE IT AGREED BETWEEN THE PARTIES HERETO:**

**I. DEFINITIONS.** In this agreement, the following terms shall have the following meanings:

- (a) "Department" means the Kansas Department of Commerce or "Commerce.
- (b) "Contributor" means anyone contributing to the programs or projects of the regional foundation.
- (c) "Guidelines" means the Rural Business Development Tax Credit Program Guidelines.
- (d) "Program" means the Rural Business Development Tax Credit Program.
- (e) "Project" means the program project defined in the Regional Foundation's proposal that was approved by the Department.
- (f) "Region" shall mean the South Central economic development region of Kansas, as set forth in the applicable Kansas Administrative Regulation.
- (g) "Regional Foundation" or "Foundation" shall mean South Central Kansas Economic Development District, a duly authorized nonprofit Kansas-incorporated



business entity that meets the statutory requirements of a foundation under New Section 70 of Chapter 112 of the 2004 Session Laws of Kansas.

- (h) "Secretary" means the Secretary of Commerce.
- (i) "Tax Credits" means Program Tax Credits authorized by law.
- (j) "Taxpayer" means a contributor to a program or project who also qualifies for tax credits under the program and New Section 70 of Chapter 112 of the 2004 Session Laws of Kansas.
- (k) "RBDTC" means Rural Business Development Tax Credits.

**II. CONTINUED APPROPRIATIONS.** The parties agree that the allocation and use of tax credits under this program is dependent on continued annual program administration and funding by the Kansas Legislature. The parties agree that absent continued funding by the legislature, the program shall cease at the end of the last fully funded fiscal year.

**III. ALLOCATION OF TAX CREDITS.** The Department shall allocate tax credits to the Foundation in the following amount:

SFY 2008	\$285,714
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**IV. CONTRIBUTIONS TO REGIONAL FOUNDATION.** The parties agree that the Regional Foundation shall seek contributions to its services and projects from contributors in the required amount in order to be eligible to receive tax credits:

SFY 2008	\$380,952
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The Regional Foundation must assist all rural communities (as defined in the Guidelines) located within all counties in their region and use such contributions to further their program projects.

**V. ACCEPTABLE USE.** The parties agree that the Department reserves the exclusive right to determine what constitutes an acceptable contribution and how that contribution must be documented in order to warrant a tax credit.

**VI. PROJECT FUNDING.** Projects are to be funded as outlined in the approved budget and Regional Foundation proposal approved by the Department. Any modifications in the tax credit allocation, project budget, proposal, or related documents are hereby incorporated into this agreement by reference, and made a part hereof, as if fully set forth herein.

**VII. USE OF FUNDS.** The Department, in its sole discretion, may determine the eligibility of the use of funds based on the Guidelines, New Section 70 of Chapter 112 of the 2004 Session Laws of Kansas, and as set forth in the applicable Kansas Administrative Regulation. Regional Foundations should avoid using funds for services which are duplicative of other services reasonably available from existing sources.

- VIII. IDLE FUNDS.** Idle funds in the approved projects of the foundation may be placed in an interest-bearing account. Interest generated on idle funds for this program shall be used in a manner consistent with program guidelines. Any disagreement as to whether interest is being used according to program guidelines shall be determined by the Secretary. The Regional Foundation shall keep a single account for the deposit of program interest, receipts, contributions and any other receipts including consulting fees. The account shall be in a bank or financial institution located in Kansas and that is insured by the Federal Deposit Insurance Corporation (FDIC). Such account shall not be commingled with any other source of funds. Further, the Regional Foundation shall maintain separate books for the operation of the Regional Foundation and shall not commingle funds in any way. The Regional Foundation shall prepare a tax credit application on forms approved by the Department and forward such application to the Department within 14 calendar days of the deposit in such financial institution. Such applications shall include support documentation, adequate to the Secretary, as defined in the program guidelines.
- IX. SFY 2008 PERFORMANCE PERIOD.** The performance period for the utilization of SFY 2008 tax credits shall be July 1, 2007 through December 31, 2008. The Regional Foundation may not solicit tax credit contributions nor shall applications be processed for tax credit eligibility before or after this performance period.
- X. REALLOCATION OF CREDITS.** If the Secretary determines that the tax credits are not being utilized in a manner sufficient to fully support the approved proposals submitted under the Guidelines, New Section 70 of Chapter 112 of the 2004 Session Laws of Kansas, and applicable Kansas Administrative Regulation, such credits shall be reclaimed from the Regional Foundation by the Secretary and be redistributed to other Regional Foundations that have utilized all tax credits previously issued to such region. On or before the first Monday of the 11th month after the date of tax credit allocation, the Secretary shall send written notice to the Regional Foundation. The notice shall state what portion of the tax credits will be reclaimed and reallocated by the Secretary, an explanation for the action, a date by which the Regional Foundation must respond, and notice of the appeal procedure. The Secretary may request a proposed utilization schedule from the Regional Foundation. The Regional Foundation must follow the appeal procedure specified in the Guidelines and applicable Kansas Administrative Regulation.
- XI. NOTIFICATION.** No Regional Foundation shall use or encumber any reallocation of tax credits until formally notified in writing by the Secretary.
- XII. FINANCIAL MANAGEMENT.** The Regional Foundation shall establish and maintain an accounting system that ensures effective control over and accountability for all funds and matching funds generated through tax credit contributions. A separate fund within the accounting system shall be established for the tracking of all funds and matching funds generated through tax credit contributions.

- XIII. BUDGET AMENDMENTS.** The Regional Foundation may make budget amendments to the project if the scope of work for the project remains the same. Budget amendments exceeding ten (10) percent in the aggregate of the organization's total project budget shall require the prior written approval of the Regional Foundation Board of Directors and the Secretary.
- XIV. QUARTERLY PROGRESS REPORTS.** The Regional Foundation shall submit quarterly progress reports to the Department on or before January 10 (for quarter ending December 31), April 10 (for quarter ending March 31), July 10 (for quarter ending June 30), and October 10 (for quarter ending September 30) of each calendar year in which the tax credits and funds generated through such contributions for tax credits are being utilized by the Regional Foundation. *Quarterly progress reports shall be due even if no tax credits or funds generated through such contributions for tax credits are being utilized in that quarter.*
- XV. LATENESS OF QUARTERLY PROGRESS REPORTS.** If the Regional Foundation does not submit quarterly progress reports by the specified due dates, it shall not be able to take in additional contributions from taxpayers relevant to tax credits or submit tax credit applications to be reviewed and processed by the Department until such quarterly progress reports are provided to the Department.
- XVI. ANNUAL AUDIT & PERFORMANCE REPORTS.** The Regional Foundation shall have an annual compliance audit performed by an independent CPA licensed to practice in Kansas for funds generated by contributions that result in the award of tax credits by the Regional Foundation. The audit must adhere to the Department RBDTC Audit Guidelines. A performance report will be completed by the Regional Foundation outlining the impact of the tax credits. The audit and performance report shall be submitted on or before February 28 of each calendar year.
- XVII. CONTRACTUAL PROVISIONS ATTACHMENT.** The Regional Foundation shall comply with the terms of Kansas Department of Administration Form DA -146A (Contractual Provisions Attachment).
- XVIII. PUBLIC COMMUNICATIONS.** All forms of public communication or signage concerning any projects that produce or support entrepreneurial activities within the region that utilize funds generated by contributions to the Regional Foundation for program purposes shall state the following: **“Funded in part through Rural Business Development Tax Credits, administered by the Kansas Department of Commerce.”**
- XIX. BOARD OF DIRECTOR RESPONSIBILITIES.** The Regional Foundation's Board of Directors shall oversee funds generated through contributions in the following manner, as specified in the Guidelines and applicable Kansas Administrative Regulation:
- (a) Create policies to determine the circumstances under which contributors may qualify for tax credits;
  - (b) Oversee the processing of applications for tax credits;



- (c) Process applications for the use of funds generated through tax credit contributions (regional funds);
- (d) Approve or deny applications for the use of funds through an investment committee;
- (e) Review and advise the Regional Foundation on management and investment of funds;
- (f) Create a mechanism for providing business support services relating to business finance services offered by the Regional Foundation;
- (g) Provide quarterly and annual financial and performance reporting to Commerce;
- (h) Audit funds generated through tax credit contributions and provide audit reports to Commerce.

**XX. TERMS OF CONTRIBUTIONS.** Until such time as the Department determines a taxpayer's contribution is eligible for tax credits under this agreement, the Regional Foundation shall not communicate to anyone that such contribution is, or will be eligible as, a tax credit. The Secretary shall review all non-cash contributions prior to the Regional Foundation transferring or awarding a tax credit to a taxpayer. The words "Sell", "Sales", "Selling", "Sold", "Purchases", "Purchasing", or any derivative term or terms when referencing the process of the acquiring of tax credits for contributions shall not appear in any oral or written communication of any kind regarding such tax credits.

**XXI. USE OF CONTRIBUTIONS.** Regional Foundations may use any contributions received from contributors whether or not such contributions are eligible for tax credits. However, all such contributions must be used for approved projects, as specified in the Regional Foundation's proposal, as approved by the Department.

**XXII. PARENT ENTITY REPRESENTATION ON BOARD OF DIRECTORS.** No more than twenty-five percent (25%) of the members of the Board of Directors of the parent entity of the Regional Foundation may serve at any one time on the Regional Foundation's Board of Directors.

**XXIII.** The Regional Foundation shall, no later than January 10 of each calendar year, remit or transfer to the Department an amount equal to five percent (5%) of funds raised in the previous fiscal year for the marketing of tax credits under this Agreement.

**XXIV. SUCCESSOR INTERESTS.** In the event the Secretary, upon good authority, revokes Regional Foundation status of the entity, the Secretary shall publish promptly such revocation notice in the Kansas Register and appoint a successor Regional Foundation. Such Regional Foundation shall comply with the Guidelines and applicable Kansas Administrative Regulations. Upon such appointment, all rights, duties and obligations of the original Regional Foundation shall evolve on the newly appointed Regional Foundation.

If necessary, such newly appointed entity shall file immediately to achieve the statutory status required of any of the alternative forms delineated in Section 70 of Chapter 112 of



the 2004 Session Laws of Kansas, and amendments thereto, and organize itself to carry out the obligations under these regulations.

**XXV. RETENTION OF RECORDS.** The Regional Foundation shall retain all records pertaining to the Regional Foundation's projects for a period of three (3) years after the Regional Foundation has ceased to exist, fully utilized all tax credits and funds generated through such tax credits, or has decided to terminate this agreement and return all monies on hand generated through tax credit contributions to the Department.

**XXVI. INDEMNIFICATION.** The Regional Foundation agrees to indemnify, defend and hold harmless the State of Kansas and its officers and employees from any liabilities, claims, suits, judgments, and damages arising as a result of the performance of the obligations under this agreement, or any document mentioned in this agreement, whether incorporated by reference or not, including subsequent amendments thereto, if such liability arose after official notification from the Department that such Regional Foundation was selected for the region, and during the viability of the program.

**XXVII.** The parties acknowledge this agreement is subject to all applicable statutes, rules and regulations, as well as any amendments to such statutes, rules and regulations, which became effective during the term of the agreement.

**XXVIII. SIGNATURES.** We, the undersigned, have read and understood the above document, agree that we have submitted, or we have had an opportunity to submit, such document for independent legal advice, and hereby agree to the terms and conditions contained herein:

**KANSAS DEPARTMENT OF COMMERCE**

By: \_\_\_\_\_  
(Secretary of Commerce)

Date: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
(Department General Counsel)

Date: \_\_\_\_\_

(Notary Seal for the Department)

**SOUTH CENTRAL KANSAS ECONOMIC DEVELOPMENT DISTRICT**

By: \_\_\_\_\_ Date: \_\_\_\_\_

Title: \_\_\_\_\_

ATTEST: \_\_\_\_\_ Date: \_\_\_\_\_  
(Legal Representative for Regional Foundation)

(Notary Seal for Regional Foundation)

### CONTRACTUAL PROVISIONS ATTACHMENT

**Important:** This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor's standard contract form, then that form must be altered to contain the following provision:

"The Provisions found in Contractual Provisions Attachment (Form DA-146a, Rev. 1-01), which is attached hereto, are hereby incorporated in this contract and made a part thereof."

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part thereof, said contract being the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

1. **Terms Herein Controlling Provisions:** It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated.
2. **Agreement With Kansas Law:** All contractual agreements shall be subject to, governed by, and construed according to the laws of the State of Kansas.
3. **Termination Due To Lack Of Funding Appropriation:** If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.
4. **Disclaimer Of Liability:** Neither the State of Kansas nor any agency thereof shall hold harmless or indemnify any contractor beyond that liability incurred under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).
5. **Anti-Discrimination Clause:** The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of ADA, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.  
  
Parties to this contract understand that the provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting state agency cumulatively total \$5,000 or less during the fiscal year of such agency.
6. **Acceptance Of Contract:** This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.
7. **Arbitration, Damages, Warranties:** Notwithstanding any language to the contrary, no interpretation shall be allowed to find the State or any agency thereof has agreed to binding arbitration, or the payment of damages or penalties upon the occurrence of a contingency. Further, the State of Kansas shall not agree to pay attorney fees and late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect which attempts to exclude, modify, disclaim or otherwise attempt to limit implied warranties of merchantability and fitness for a particular purpose.
8. **Representative's Authority To Contract:** By signing this contract, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this contract on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.
9. **Responsibility For Taxes:** The State of Kansas shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.
10. **Insurance:** The State of Kansas shall not be required to purchase, any insurance against loss or damage to any personal property to which this contract relates, nor shall this contract require the State to establish a "self-insurance" fund to protect against any such loss of damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the vendor or lessor shall bear the risk of any loss or damage to any personal property in which vendor or lessor holds title.
11. **Information:** No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.
12. **The Eleventh Amendment:** "The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment."

Senate Commerce Committee

February 14, 2008

Written Testimony by:  
Wally Kearns, State Director  
Kansas Small Business Development Center

Senate Bill 453

Co-chairs Brownlee and Jordan, I'm Wally Kearns, State Director of Kansas Small Business Development Center.

SB453 clearly indicates there is continued concern and interest for rural Kansas.

The 2007 Kansas Economic Development Strategic plan, dated January 2008, represents an inclusive process involving many Kansans and organizations; the strategic plan provides more than ninety key recommendations that provide a vision and bright future for Kansas. In addition, it is cost effective and maximizes the use of existing programs and resources, specifically Kansas Main Street, KAN STEP, Kansas Pride and the Office of Rural Opportunity and the Department of Commerce and its partners – including the Kansas Department of Agriculture, the seven Regional Foundations (who administer the rural business tax credit), NetWork Kansas, the Kansas Small Business Development Center Network and numerous NetWork Kansas resource partners

As you know, Kansas, Inc. was created by the Legislature in 1986 as an independent, objective and non-partisan organization designed to conduct economic research and analysis with the goal of crafting policies and recommendations to ensure the state's ongoing competitiveness in economic growth.

**Conclusion:**

Recommend the attached document titled, "Enhancing the Structure of Rural Development in Kansas," within The 2007 Kansas Economic Development Strategic Plan, dated January 2008, be compared to SB 453 to determine if any of the ideas or language in SB 453 should be integrated into Enhancing the Structure of Rural Development in Kansas.

Thank you for this opportunity to testify; I would welcome your questions at this time.

Contact Information: Wally Kearns, State Director, Kansas Small Business Development Center Network. [ksbdc.wkearns@fhsu.edu](mailto:ksbdc.wkearns@fhsu.edu) 785-296-6514

Senate Commerce Committee  
February 14, 2008  
Attachment 2-1



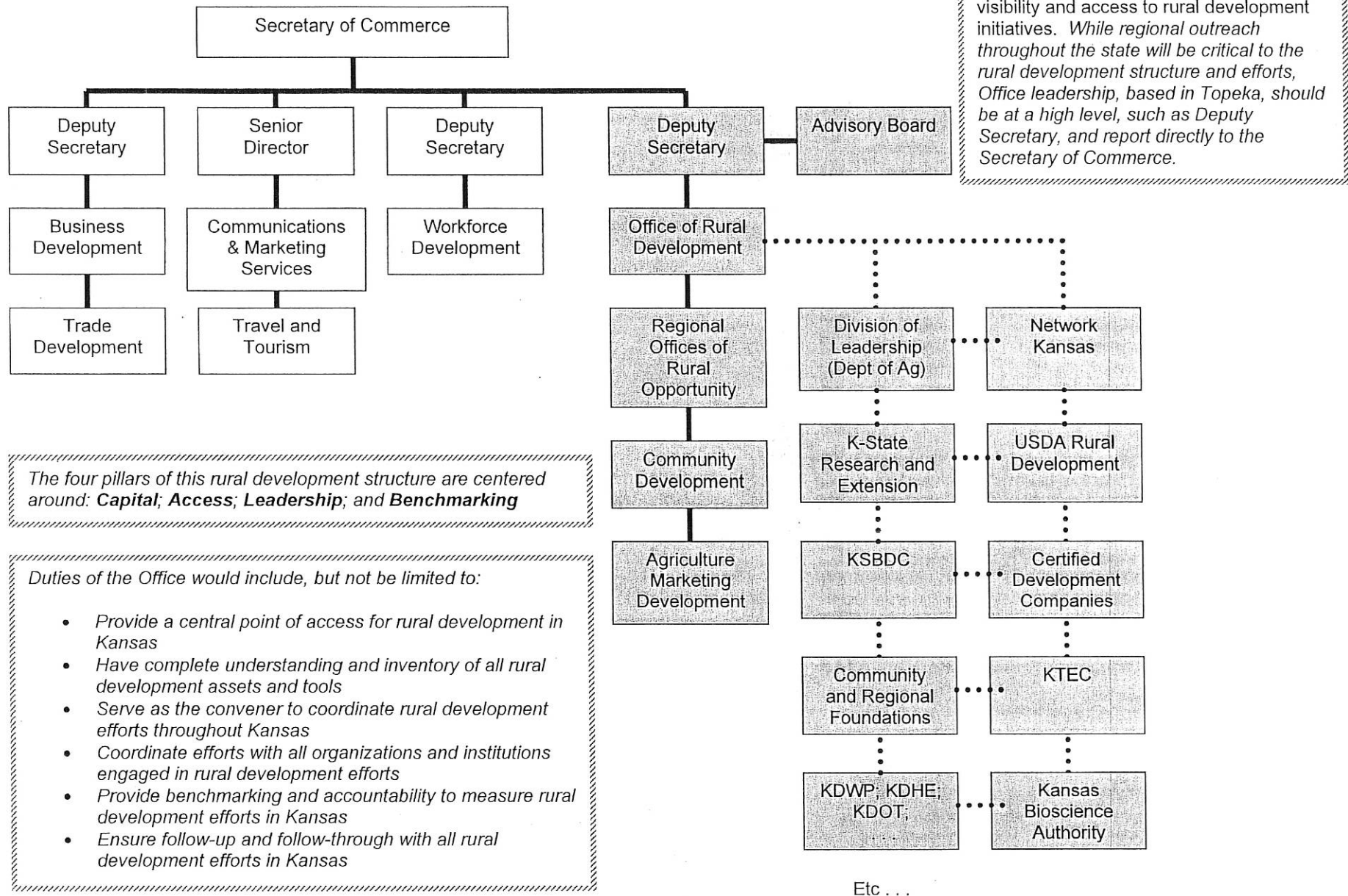
***Enhancing the Structure of  
Rural Development in Kansas***

Prepared by



***January 2008***

Figure 1. Conceptual Structure of Rural Development Model



2-6

# Enhancing the Structure of Rural Development in Kansas

## Executive Summary

*Mission – Enhance the prosperity of rural Kansas by developing innovative solutions recognizing local and regional strengths to ensure the quality of life in rural areas.*

**Strategy 6 – Create a rural development model that provides a holistic, integrated approach based on four key pillars (capital, access, leadership, and benchmarking). The model should use incentives as the engine that drives integration.**

- 6-1 The Office of Rural Opportunity should be restructured and positioned at the highest possible level to become the centerpiece of a new integrated rural development structure. The Office will be recognized as the lead agency for rural development in Kansas with a mission to provide an integrated, coordinated and seamless approach for all rural development initiatives. The Office will develop a transparent, clearly understood methodology built around incentives to drive integration of the key pillars (capital, access, leadership, and benchmarking). Enhanced funding should be provided in the state budget for the administrative requirements of the Office.
- 6-2 Create a Division of Leadership within the Kansas Department of Agriculture, as capacity building or leadership must be a key component of rural development. Funding should be provided in the state budget for the administrative requirements of the Division.
- 6-3 Develop a coordinated incentive structure to reward communities, businesses and individuals for using the new integrated structure. The Office of Rural Opportunity would develop the framework surrounding the incentive structure.
- 6-4 Benchmark our efforts and progress in rural Kansas. Through marketing and awareness, rural areas will increase the visibility of successes and increase the awareness of their business atmosphere and lifestyle.
- 6-5 Enhance funding to \$1.0 million per year for the agricultural loan portfolio within the Department of Commerce.
- 6-6 Utilize and support the potential of Rural Opportunity Zones to play a key role in incentives that would help communities invest in their own future with the state as a partner.

## Introduction

*Rural development is not a one size fits all solution – some areas are going to be successful and some are not. The attitude and actions of the community members will determine their success – We cannot legislate this.*

- Statewide Cell members, 2007 Strategic Planning process

Entrepreneurship is the new focal point for rural development. For much of the past half century, rural development has been driven by twin incentives aimed at business recruitment and retention. This strategy is no longer working so well, however, for one simple reason – globalization.<sup>1</sup>

Farmers and ranchers generate revenues of nearly \$10 billion per year from grain production and livestock operations. While this is substantial, as the Kansas economy grows, the portion of gross domestic product by state attributed to agriculture continues to decline in percentage. In rural counties with little other industry, agriculture remains the primary generator of economic activity. The total impact of agriculture on the state's economy depends upon how one defines it. If the term agribusiness is used, encompassing the entire range of related food and fiber industries using input supply, agricultural

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<sup>1</sup> Mark Drabenstott, Center for the Study of Rural America, Federal Reserve Bank of Kansas City.

production, commodity processing, food manufacturing and food distribution, the impact of agriculture on the Kansas economy gains in importance to as much as 20 percent of the state's total annual economy.<sup>2</sup>

Over time, the agriculture industry has continued to see increased productivity through the application of new technologies and innovative solutions. Increased productivity has contributed to the out-migration of actual producers, and while there are now fewer producers, the value of farm production has continued to trend upwards. During the past 40 years, the number of farms in Kansas has declined from approximately 95,000 to 64,000. This phenomenon is not specific to Kansas only, it is occurring on a national level. The depopulation of the agriculture sector will continue and to suggest otherwise may be counter to the economic realities faced in this sector.

It is unlikely that we will repopulate and grow rural Kansas with the agriculture industry, and state-level efforts must be focused on rural development to help rebuild rural Kansas. Even with these efforts, we will not save every community. Rural areas will continue to deal with a variety of issues, such as capital, access, leadership, workforce shortages, out-migration, and available services and jobs; however, rural areas do have several opportunities in regards to quality of life, community partnerships, and wealth transfer potential. We must focus our efforts on rural development and entrepreneurship to assist rural areas.

## Current Structure

*Several government agencies and other entities have a role in rural development efforts – the problem is there are numerous slices in many places with little or no connectivity throughout the state. Some of these entities include:*

- *Kansas Department of Commerce (Division of Agriculture Marketing)*
- *Kansas Department of Agriculture (primarily regulatory)*
- *USDA Rural Development*
- *Network Kansas*
- *Kansas Small Business Development Center*
- *Kansas Certified Development Companies*
- *Community and Regional Foundations*
- *Kansas Department of Wildlife and Parks*
- *Kansas Department of Health and Environment*
- *Kansas Department of Transportation*
- *Office of Rural Opportunity*
- *Kansas State University/County Extension*
- *Local Government*

## Strategy and Recommendations

**Create a rural development model that provides a holistic, integrated approach based on four key pillars (capital, access, leadership, and benchmarking). The model should use incentives as the engine that drives integration.**

Since moving the Agricultural Marketing Division from the Department of Agriculture to the Department of Commerce (Commerce) in the mid-1990's, Kansas has tried several innovative means to enhance both agriculture and rural economies. The basic concept behind the move was designed to capture the inherent strengths and synergies housed at Commerce. This arrangement has worked fairly well at times, and at times the coordination or leveraging effect has not been outwardly visible. Since the move, both the Legislature and ensuing Administrations have worked to identify and provide new initiatives

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<sup>2</sup> Mintert, James, Woolverton, Michael, Kastens, Terry, and John Leatherman. *Agriculture Commodities Future: Assess Competitive Threats to the Kansas Economy*, Department of Agricultural Economics, Kansas State University for Kansas, Inc., January 2006.



addressing rural development issues. This strategy outlines a rural development model based on capital access, leadership and benchmarking, using incentives as the engine that drives integration to address rural development issues in Kansas.

**The Office of Rural Opportunity should be restructured and positioned at the highest possible level to become the centerpiece of a new integrated rural development structure. The Office will be recognized as the lead agency for rural development in Kansas with a mission to provide an integrated, coordinated and seamless approach for all rural development initiatives. The Office will develop a transparent, clearly understood methodology built around incentives to drive integration of the key pillars (capital, access, leadership, and benchmarking). Enhanced funding should be provided in the state budget for the administrative requirements of the Office.**

The Office of Rural Opportunity would be positioned at the highest possible level to denote the prominence of the Office as the centerpiece of Kansas' rural development structure. This would help facilitate visibility and access to rural development initiatives. *While regional outreach throughout the state will be critical to the rural development structure and efforts, Office leadership, based in Topeka, should be at a high level, such as Deputy Secretary, and report directly to the Secretary of Commerce.*

The Office would provide field staff to rural communities, cities, businesses or individuals for the purpose of more efficient and streamlined accessibility to state initiatives, such as community development, business development, housing and capacity building. Field staff would become experts with programs at all levels, including federal programs. The Office would provide continued communication during the start-up and maintenance phase of programs to sustain the communities, cities, businesses or individual momentum and activities. There would be at least one field representative for each of Commerce's seven business development regions.

While certain programs, grants and initiatives would not fall directly under the Office of Rural Opportunity's authority, its charge would be to develop a seamless structure that encourages and demands collaboration between all associated agencies and organizations. They would devise the means and methods for navigating through all rural development opportunities. The Office of Rural Opportunity would be responsible for both follow-up and follow-through on all subsequent rural development initiatives.

*Duties of the Office would include, but not be limited to:*

- *Provide a central point of access for rural development in Kansas*
- *Have complete understanding and inventory of all rural development assets and tools*
- *Serve as the convener to coordinate rural development efforts throughout Kansas*
- *Coordinate efforts with all organizations and institutions engaged in rural development efforts*
- *Provide benchmarking and accountability to measure rural development efforts in Kansas*
- *Ensure follow-up and follow-through with all rural development efforts in Kansas*

**Create a Division of Leadership within the Kansas Department of Agriculture, as capacity building or leadership must be a key component of rural development. Funding should be provided in the state budget for the administrative requirements of the Division.**

Any rural development structure that does not address the leadership component is destined to fail.

The Department of Agriculture must also have an inherent role in rural development efforts in Kansas. The Division of Leadership<sup>3</sup> would provide that role. Its mission would be to identify and understand the necessary components of capacity building for local, regional, and state rural development efforts. While it would have the capacity to provide some training, in most cases it would not directly provide training,

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<sup>3</sup> The Georgia Academy for Economic Development is a similar initiative that assists the State of Georgia's leaders in their economic development efforts by providing an understanding of the critical processes, strategies and components involved in improving their local and regional economies and achieving economic success in today's global economy. accessed at: <http://www.georgiaacademy.org>

but rather it would provide assistance and develop a certified menu of training providers that meet their predetermined standards and the needs of communities and businesses looking to enhance their rural development opportunities. The menu of resources would include training such as Kansas Communities<sup>4</sup>, Hometown Competitiveness Training<sup>5</sup>, and others that could be recommended to regions, communities, cities, businesses or individuals. The Division would essentially facilitate interactions between the public and training entities to ensure the leadership and capacity building efforts were being delivered in an integrated, coordinated and seamless approach.

*This part of rural development is currently absent in any structured manner at the state level. Currently, the Department of Agriculture has only a regulatory role in rural development in Kansas, and inherently this role could be expanded through the Division of Leadership, as the Department is a logical part of any rural development efforts in Kansas.*

**Develop a coordinated incentive structure to reward communities, businesses and individuals for using the new integrated structure. The Office of Rural Opportunity would develop the framework surrounding the incentive structure.**

A coordinated incentive structure developed to capture thresholds and assist in setting priorities for state grants and loans would be a powerful reinforcement for federal grants and loans. For Kansas, during FY 2006, the USDA awarded approximately \$94 million in housing programs, \$9 million in business programs, and \$143 million in utilities programs.<sup>6</sup> Given the potential federal funds available for rural development initiatives, any reinforcement from a state-level incentive structure could be beneficial to Kansas applicants. Kansas must become more competitive for federal dollars.

Potential examples within the coordinated incentive structure include: completing a dedicated leadership process or some other capacity building program certified through the leadership component of the Department of Agriculture; completing a designated process with a field representative from the Office of Rural Opportunity; creating a community foundation that has actively worked to capture local wealth transfer; utilizing Network Kansas to measure and benchmark progress; and utilizing Rural Opportunity Zones.

Ultimately, rural areas must be able to help themselves, and this incentive structure helps prioritize rural development efforts and gives rural areas access to the tools they need for revitalization.

**Benchmark our efforts and progress in rural Kansas. Through marketing and awareness, rural areas will increase the visibility of successes and increase the awareness of their business atmosphere and lifestyle.**

Measuring the results of rural development efforts will help communities learn about the local and regional impacts of their efforts. Benchmarks provide a means to tell their story – a way to increase the visibility of their successes and the awareness of their business atmosphere and lifestyle. Rural development efforts are a product of those communities, and how they define success in areas such as capacity building, leadership, resources, and overall results provide a direct measure of the type of community the residents want it to become. The Office of Rural Opportunity could devise both the means for navigating through rural development opportunities and design the benchmarks to assist communities in tracking their efforts.

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<sup>4</sup> Founded in 2004 to build and re-build community across Kansas by rebuilding the Public Square, one community at a time. The Public Square is the intersection of four sectors: business, education, health/human service and government. Accessed at: <http://www.kscomm.net>

<sup>5</sup> HTC is a comprehensive approach to long-term rural community sustainability. This approach goes beyond the traditional tunnel vision of economic development. HTC helps the community to focus on four interrelated strategies that depend on each other for ultimate success – developing leadership; energizing entrepreneurs; engaging youth; and charitable giving. Accessed at: <http://www.htccommunity.org>

<sup>6</sup> USDA Rural Development has an \$86 billion dollar portfolio of loans and they will administer nearly \$16 billion in program loans, loan guarantees and grants through their programs. Accessed at: <http://www.rurdev.usda.gov>

*Network Kansas works to connect entrepreneurs with the expertise, education, and economic resources at the right time. Through their efforts, Network Kansas has several benchmarks for their initiatives, and the information from these initiatives could be a key part of benchmarking efforts set forth by the Office of Rural Opportunity.*

**Enhance funding to \$1.0 million per year for the agricultural loan portfolio within the Department of Commerce.**

The agricultural value-added loan portfolio, administered by the Department of Commerce, Agriculture Marketing Division is currently funded at a level of approximately \$500,000 per year to assist agricultural producers and develop and expand agriculture in Kansas. Based on the direct and indirect contributions of Kansas agricultural producers and related agribusinesses, the overall economic impact of agriculture on the state's economy was approximately \$30.5 billion in 2003.<sup>7</sup> While we can debate the overall financial impact of agriculture on the state, there is little doubt regarding its importance to the economy of Kansas. Therefore we recommend the agricultural loan portfolio be enhanced to \$1.0 million per year to provide further assistance with these efforts.

**Utilize and support the potential of Rural Opportunity Zones to play a key role in incentives that would help communities invest in their own future with the state as a partner.**

Rural Opportunity Zones would essentially provide tax incentives to businesses that create jobs in rural communities. The creation of Rural Opportunity Zones would accomplish two primary objectives: 1) The elimination of the previous Enterprise Zone Program; and 2) The creation of Opportunity Zone Tax Credits to provide incentives for job creation and capital investment in rural communities and counties.

Currently, small businesses in rural areas cannot access the High Performance Incentive Program (HPIP) tax incentives because they cannot create enough jobs or capital investment. This is a disincentive for the growth of existing businesses and the recruitment of new businesses to rural Kansas. There are many facets to the concept of Rural Opportunity Zones:

- Providing new tax incentives to communities and businesses to encourage investment in rural areas, instead of just providing incentives to larger communities and businesses.
- Establishing an application process and delivery methodology for the tax credits that allows communities, counties and regions to establish the boundaries of the Rural Opportunity Zones, rather than the prescriptive approach of the state establishing the boundaries.
- Tax incentives that reward businesses and communities who exercised leadership, planning, cooperation, collaboration, and potentially the coordination of services.
- Communities that clearly demonstrate deliberate and purposeful development planning efforts and actions would be eligible for the designation as a Rural Opportunity Zone. These zones could reinforce the need for benchmarking rural development efforts.

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<sup>7</sup> See Mintert, p. 2.



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Resources for Starting or Growing Your Business

## Senate Commerce Committee

February 14, 2008

**Testimony by:  
Steve Radley, Director,  
Kansas Center for Entrepreneurship  
NetWork Kansas**

Co-Chairs Brownlee and Jordan, and members of the Senate Commerce Committee, I would like to provide a brief testimony concerning various proposals being put forth to improve rural development throughout Kansas. We are thrilled to see the visibility that rural development is receiving because of the passion of those engaged in rural communities throughout Kansas.

Our Board of Directors recognizes the vital nature of rural development and of establishing an interdependent rural development strategy for the long term prosperity of rural communities across Kansas. This interdependence means that connectivity and linkages between private, quasi-governmental, and governmental resources must be encouraged in both policy and structure. For this reason, the Board of Directors passed a resolution supporting the Kansas Inc. plan entitled "Enhancing the Structure of Rural Development" which provides the following key benefits: First, it raises the visibility to the highest levels of government by creating an Office of Rural Development and a Deputy Secretary in the Kansas Department of Commerce. Second, it creates an interdependent structure for assessing and increasing leadership capacity in rural communities by creating a Division of Leadership in the Kansas Department of Agriculture. This will ensure linkages among governmental units as well as private and quasi-governmental organizations. It will also provide a responsible resource for evaluating and recommending additional initiatives that most certainly will include two of the most effective in-community Leadership programs in the country: Terry Woodberry's Public Square Program that is already in 15 communities in Kansas and the Hometown Competitiveness Training offered by the Center for Rural Entrepreneurship in Nebraska that you've already heard about that is in a couple of communities now. In addition, the division will be able to integrate additional new programs initiated to enhance civic leadership such as the programs currently being created by the Kansas Leadership Center in Wichita as well as any other successful initiative that emerges.

There are several other benefits to the Kansas Inc. strategic plan which resulted from an extensive process including hundreds of people across the state. These include:

Senate Commerce Committee  
February 14, 2008

Attachment 3-1



- Consistency with the Kansas Economic Growth Act's mission of creating an interdependent environment through which private, quasi-governmental, and governmental assets are linked towards common goals;
- Reducing bureaucracy by streamlining operations within current governmental structures; and
- Ensuring that strategic planning takes a holistic, integrated approach that ensures private, quasi-governmental, and governmental assets are fully utilized as delivery mechanisms, when applicable; and
- Supporting our mission of creating an entrepreneurial environment through the coordination of resources that advance economic and community development in rural Kansas.

## **Conclusion**

We are encouraging this new structure and have provided this resolution to the Secretary of Commerce and the Secretary of Agriculture. If you have any questions, I am more than willing to try and answer them now or you can email me at: [sradley@networkkansas.com](mailto:sradley@networkkansas.com) or call 316-218-6304. Thank you.

Steve Radley, Director, Kansas Center for Entrepreneurship,  
1845 Fairmount, Box 202, Wichita, Kansas 67260-0202

**RESOLUTION NO. 2008-2  
(RURAL DEVELOPMENT STRUCTURE)**

**WHEREAS**, the Kansas Center for Entrepreneurship recognizes the vital nature of rural development and of establishing an interdependent rural development strategy for the long term prosperity of rural communities across Kansas; and

**WHEREAS**, the Kansas Center for Entrepreneurship recognizes the importance of encouraging connectivity and linkages between private, quasi-governmental and governmental resources involved in rural development:

**NOW, THEREFORE, BE IT RESOLVED BY THE KANSAS CENTER FOR ENTREPRENEURSHIP BOARD OF DIRECTORS:**

That the Kansas Center for Entrepreneurship supports the Kansas, Inc. plan entitled “Enhancing the Structure of Rural Development in Kansas,” dated January 2008.

This plan produces key benefits through the following actions: 1) Providing visibility at the highest levels of government for rural development issues by creating an Office of Rural Development and a Deputy Secretary of Rural Development in the Kansas Department of Commerce; and 2) Creating an interdependent structure for assessing and increasing leadership capacity in rural communities by creating a Division of Leadership in the Kansas Department of Agriculture. Additional benefits of the enhanced structure that are recognized by the Kansas Center for Entrepreneurship Board of Directors include:

- Consistency with the Kansas Economic Growth Act’s mission of creating an interdependent environment through which private, quasi-governmental, and governmental assets are linked towards common goals;
- Reducing bureaucracy by streamlining operations within current governmental structures; and
- Ensuring that strategic planning takes a holistic, integrated approach that ensures private, quasi-governmental, and governmental assets are fully utilized as delivery mechanisms, when applicable; and
- Kansas, Inc’s plan is supportive of our mission of creating an entrepreneurial environment through the coordination of resources that advance economic and community development in rural Kansas.

Adopted this 11<sup>th</sup> day of February, 2008.



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# overview



## EXPERTISE

The NetWork Kansas network includes more than 400 Resource Partners statewide who are public sector or non-profit organizations providing business building services to entrepreneurs and small businesses.

Entrepreneurs **1** are encouraged to call 877-521-8600 to speak with a NetWork Kansas counselor; the counselor then conducts a “listen and learn” session **2** to determine the entrepreneur’s exact needs. After these needs are understood, the counselor taps into a unique database of resource partners to identify the best person to fulfill their needs **3**. After a connection is made between the client and the appropriate resource partner **4**, the counselor tracks progress and engages additional resources, as required **5**.

## MISSION

To promote an entrepreneurial environment throughout the State of Kansas by establishing a central portal that connects entrepreneurs and small business owners with the right resources—Expertise, Education and Economic Resources—when they are needed most.

**1** Entrepreneur/  
Small Business  
Owner

877.521.8600  
**NetWork Kansas**  
 www.networkkansas.com

**3** Research,  
make calls to  
resource  
partners

**2** Listen  
and  
Learn

**4** Connect  
client with  
the right  
resource  
partner

**5** Follow client  
through the  
network



## EDUCATION

NetWork Kansas partners offer a variety of seminars and workshops, including “how to start a business,” tax workshops, business planning and more. Classes provided by our partners are listed on [www.networkkansas.com](http://www.networkkansas.com) under the tab, “Entrepreneurial Education.” In addition, NetWork Kansas is working with partners across the state to assess current educational offerings with the objective of developing a vision for entrepreneurship education across the state.

**E-Community Program:** Focused on the big “E” in the realm of rural economic development—entrepreneurship—a NetWork Kansas E-Community is a partnership that allows a town, a cluster of towns or an entire county to receive seed money through donations from individuals or businesses within the community. Becoming a NetWork Kansas E-Community results in the following:

- Through the Entrepreneurship Tax Credit, a fund is established to provide loans and grants to new and expanding businesses in each E-Community.
- An E-Community may be a single community or a partnership of communities with a total population of 50,000 or fewer.

The NetWork Kansas E-Community pilot program recently identified six communities that are already engaged in the process of developing the key components necessary to flourish in today’s competitive environment and in so doing, are becoming more entrepreneurial.

Kansas communities named to participate in the pilot program (starting in 2008) include:

- Cowley County
- Garnett (Anderson County)
- Great Bend (Barton County)
- Rawlins County
- Sterling/Alden (Rice County)
- Thomas County

**For more information about these programs and all the services offered by NetWork Kansas visit:**

[www.networkkansas.com](http://www.networkkansas.com)

OR CALL **877.521.8600**



Resources for Starting or Growing Your Business

## ECONOMIC RESOURCES

NetWork Kansas has more than forty partners who provide loans and grants to entrepreneurs and small businesses. Partners include certified development companies, the seven regional economic development foundations, Mainstreet Kansas communities, USDA Rural Development and other organizations. Our resource network can also access additional matching dollars from NetWork Kansas through the following programs:

**StartUp Kansas:** StartUp Kansas was launched in August of 2006 to provide funding to small businesses in rural and distressed Kansas communities in the form of grants or unsecured loans matching the terms of the other financing provided by a NetWork Kansas partner working on behalf of the entrepreneur. Since its inception, StartUp Kansas has awarded more than \$550,000 in grants and loans to small businesses throughout rural areas of Kansas—equating to a rate of *one business per month*. These grants and loans have allowed businesses to leverage additional public and private funds totaling more than \$4 million (as of January 2008).



## List of Resource Partners

Resources for Starting or Growing Your Business

*NetWork Kansas works with more than 400 Resource Partners statewide that are public sector or non-profit organizations providing business-building services to entrepreneurs and small businesses. NetWork Kansas provides a conduit that bridges the entrepreneur or small business owner with the right resources—at the right time.*

*When an entrepreneur calls our toll-free number, a NetWork Kansas counselor conducts a "listen and learn" session to determine the client's exact needs. Once these needs are understood, our counselor taps into a unique database of Resource Partners to identify the best organization to fulfill their needs. After a connection is made between the client and the appropriate partner(s), a NetWork Kansas counselor tracks progress and engages additional resources, as required.*

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Advanced Manufacturing Institute  
 Alliance for Technology Commercialization, Inc.  
 Anderson County Economic Development  
 Arkansas City Area Chamber of Commerce  
 Asian-American Chamber of Commerce of Kansas City  
 Atchison Workforce Center  
 ATHENA PowerLink  
 Avenue Area, Inc.  
 Belleville Main Street, Inc.  
 Burden Chamber of Commerce and Economic Development  
 Business Center, The  
 Business & Technology Institute  
 Business Utility Zone Gateway - BUZGate  
 Butler County Economic Development  
 Butler County Workforce Center  
 CANBE: Community Association of Nonprofit Executives  
 Center for Civic Leadership  
 Central Exchange  
 Chanute Workforce Center  
 Cheyenne County Development Corporation  
 City of Abilene  
 City of Chanute  
 City of Fort Scott  
 City of Liberal  
 City of Maize  
 City of Marion  
 City of Parsons  
 City of Wichita  
 Citywide Development Corporation of Kansas City, Kansas  
 CLASS Ltd.  
 Clay County Economic Development  
 Cloud County Community College  
 Cloud County Community College, Geary County  
 CloudCorp  
 Coffey County Economic Development  
 Coffeyville Community College  
 Colby Community College  
 Colby Workforce Center  
 Columbus Economic Development Corporation  
 Community Resource Network (CRN)  
 Council on Philanthropy  
 County Economic Research Institute, Inc.  
 Cowley County Community College

Cowley First-Cowley Economic Development Partnership  
 Derby Economic Development  
 Dodge City Workforce Center  
 Dodge City/Ford County Development Corporation  
 Doniphan County Economic Development  
 Downtown Augusta, Inc.  
 Downtown Hutchinson Revitalization Partnership  
 Downtown Manhattan, Inc.  
 Downtown Parsons, Inc.  
 East Central Kansas Rural Development Tax Credit  
 ECI Development Corporation  
 Eckert Agrimarketing  
 Edwards County Economic Development Corporation  
 El Dorado Chamber of Commerce  
 El Dorado Main Street  
 Ellis County Coalition for Economic Development  
 Emporia Main Street  
 Emporia Workforce Center  
 Enterprise Center of Johnson County  
 Entrepreneur Development Center at Donnelly College  
 Entrepreneurial Legal Services at UMKC  
 Executive Service Corps of Greater Kansas City  
 FastTrac  
 Finney County Economic Development Corporation  
 Flint Hills Technical College  
 Fort Scott Area Chamber of Commerce  
 Fort Scott Community College  
 Four Rivers Development Inc.-Beloit  
 Four Rivers Development Inc.-Salina  
 Fredonia Chamber of Commerce  
 Frontier Financial Partners, Inc.  
 Garden City Chamber of Commerce  
 Garden City Downtown Vision  
 Garden City Workforce Center  
 Gardner Area Chamber of Commerce  
 Glacial Hills Resource Conservation & Development Region Inc.  
 Great Bend Workforce Center  
 Great Plains Development, Inc.  
 Greater Kansas City Chamber of Commerce  
 Greater Topeka Chamber of Commerce  
 Greater Wichita Economic Development Coalition  
 Greeley County Economic Development, Inc.  
 Greenwood County Economic Development  
 Harper County Economic Development Center  
 Harvey County Economic Development  
 Hays Workforce Center  
 Haysville Community Development  
 Heartland Business Capital  
 Heartland Procurement Technical Assistance Center  
 Herington Economic Development Corporation  
 Higuchi Biosciences Center  
 Hispanic Chamber of Commerce of Greater Kansas City  
 Hispanic Economic Development Corporation  
 Hodgeman County Economic Development  
 Hoisington Main Street, Inc.  
 Hutchinson Workforce Center  
 Hutchinson/Reno County Chamber of Commerce  
 IBSA, Inc.  
 Independence Main Street  
 Independence Workforce Center  
 Innovation Center  
 International Trade Council of Greater Kansas City  
 Invest Midwest Venture Capital Forum  
 IRS Small Business Taxpayer Education & Communications  
 Johnson County Library  
 Kansas Bioscience Authority



Kansas Bioscience Organization  
Kansas City Area Chamber of Commerce  
Kansas City Area Life Sciences Institute  
Kansas City, Kansas Public Library  
Kansas City, Kansas Women's Chamber of Commerce  
Kansas City Volunteer Lawyers & Accountants for the Arts  
Kansas City Workforce Center  
Kansas City, Kansas Community College  
Kansas Department of Revenue  
Kansas Electric Power Cooperative  
Kansas Industrial Training Program (KIT)  
Kansas Insurance Department  
Kansas Match  
Kansas Patent & Trademark Depository Library  
Kansas Sampler Foundation  
Kansas Secretary of State  
Kansas State University, Bioprocessing and Industrial Value Added Program  
Kansas State University, Center for Engagement and Community Development  
Kansas State University, Pollution Prevention Institute  
Kansas Statewide Certification Program, Minority & Women  
Kansas Technology Enterprise Corporation (KTEC)  
Kansas Women's Business Center  
Kansas World Trade Center  
Kansas City, Kansas Community College  
KC Sourcelink  
KDOC Office of Minority & Women Business Development  
KDOC, Business Development Division, EC Region  
KDOC, Business Development Division, General Office  
KDOC, Business Development Division, NC Region  
KDOC, Business Development Division, NE Region  
KDOC, Business Development Division, NW Region  
KDOC, Business Development Division, SC Region  
KDOC, Business Development Division, SE Region  
KDOC, Business Development Division, SW Region  
KDOC, Community Development Division  
KDOC, First Stop Clearinghouse  
KDOC, Trade Development Division, Overland Park  
KDOC, Trade Development Division, Topeka  
KDOC, Trade Development Division, Wichita  
Kearny County Community Development  
KSBDC at Emporia State University  
KSBDC at Fort Hays State University  
KSBDC at Garden City Community College  
KSBDC at Johnson County Community College  
KSBDC at Pittsburg State University  
KSBDC at University of Kansas  
KSBDC at Washburn University  
KSBDC at Wichita State University  
KSBDC Outreach Center at Cloud County Community College  
KSBDC Outreach Center at Manhattan  
K-State Research and Extension, Allen County  
K-State Research and Extension, Anderson County  
K-State Research and Extension, Atchinson County  
K-State Research and Extension, Barber County  
K-State Research and Extension, Barton County  
K-State Research and Extension, Bourbon County  
K-State Research and Extension, Brown County  
K-State Research and Extension, Butler County  
K-State Research and Extension, Chase County  
K-State Research and Extension, Chataouqua County  
K-State Research and Extension, Cherokee County  
K-State Research and Extension, Cheyenne County  
K-State Research and Extension, Clark County  
K-State Research and Extension, Clay County  
K-State Research and Extension, Cloud County  
K-State Research and Extension, Coffey County  
K-State Research and Extension, Comanche County  
K-State Research and Extension, Cowley County  
K-State Research and Extension, Crawford County  
K-State Research and Extension, Decatur County  
K-State Research and Extension, Dickinson County  
K-State Research and Extension, Doniphan County  
K-State Research and Extension, Douglas County  
K-State Research and Extension, Edwards County  
K-State Research and Extension, Elk County  
K-State Research and Extension, Ellis County  
K-State Research and Extension, Ellsworth County

K-State Research and Extension, Finney County  
K-State Research and Extension, Ford County  
K-State Research and Extension, Franklin County  
K-State Research and Extension, Geary County  
K-State Research and Extension, Gove County  
K-State Research and Extension, Graham County  
K-State Research and Extension, Grant County  
K-State Research and Extension, Gray County  
K-State Research and Extension, Greeley County  
K-State Research and Extension, Greenwood County  
K-State Research and Extension, Hamilton County  
K-State Research and Extension, Harper County  
K-State Research and Extension, Harvey County  
K-State Research and Extension, Haskell County  
K-State Research and Extension, Hodgeman County  
K-State Research and Extension, Jackson County  
K-State Research and Extension, Jefferson County  
K-State Research and Extension, Jewell County  
K-State Research and Extension, Johnson County  
K-State Research and Extension, Kearny County  
K-State Research and Extension, Kingman County  
K-State Research and Extension, Kiowa County  
K-State Research and Extension, Labette County  
K-State Research and Extension, Lane County  
K-State Research and Extension, Leavenworth County  
K-State Research and Extension, Lincoln Office  
K-State Research and Extension, Linn County  
K-State Research and Extension, Logan County  
K-State Research and Extension, Lyon County  
K-State Research and Extension, Marion County  
K-State Research and Extension, Marshall County  
K-State Research and Extension, McPherson County  
K-State Research and Extension, Meade County  
K-State Research and Extension, Miami County  
K-State Research and Extension, Mitchell County  
K-State Research and Extension, Montgomery County  
K-State Research and Extension, Morris County  
K-State Research and Extension, Morton County  
K-State Research and Extension, Nemaha County  
K-State Research and Extension, Neosho County  
K-State Research and Extension, Ness County  
K-State Research and Extension, Norton County  
K-State Research and Extension, Osage County  
K-State Research and Extension, Osborne County  
K-State Research and Extension, Ottawa County  
K-State Research and Extension, Pawnee County  
K-State Research and Extension, Phillips County  
K-State Research and Extension, Pottawatomie County  
K-State Research and Extension, Pratt County  
K-State Research and Extension, Rawlins County  
K-State Research and Extension, Reno County  
K-State Research and Extension, Republic County  
K-State Research and Extension, Rice County  
K-State Research and Extension, Riley County  
K-State Research and Extension, Rooks County  
K-State Research and Extension, Rush County  
K-State Research and Extension, Russell County  
K-State Research and Extension, Saline County  
K-State Research and Extension, Scott County  
K-State Research and Extension, Sedgwick County  
K-State Research and Extension, Seward County  
K-State Research and Extension, Sheridan County  
K-State Research and Extension, Sherman County  
K-State Research and Extension, Smith County  
K-State Research and Extension, Stafford County  
K-State Research and Extension, Stanton County  
K-State Research and Extension, Stevens County  
K-State Research and Extension, Sumner County  
K-State Research and Extension, Thomas County  
K-State Research and Extension, Trego County  
K-State Research and Extension, Wabaunsee County  
K-State Research and Extension, Wallace County  
K-State Research and Extension, Washington County  
K-State Research and Extension, Wichita County  
K-State Research and Extension, Wilson County  
K-State Research and Extension, Woodson County  
K-State Research and Extension, Wyandotte County



Lawrence Chamber of Commerce  
 Lawrence Regional Technology Center  
 Lawrence Workforce Center  
 Leavenworth Area Development  
 Leavenworth Main Street Program, Inc.  
 Leavenworth Workforce Center  
 Leavenworth-Lansing Area Chamber of Commerce  
 Leawood Chamber of Commerce  
 Lenexa Chamber of Commerce  
 Lenexa Economic Development Council  
 Liberal Chamber of Commerce  
 Liberal Workforce Center  
 Lindsborg Chamber of Commerce  
 Linn County Economic Development  
 Logan County Development Corporation  
 Manhattan and Junction City Workforce Center  
 Manhattan Area Chamber of Commerce  
 Marion County Economic Development Department  
 Marshall County Economic Development Council  
 Marysville Main Street  
 McPherson Chamber of Commerce  
 McPherson County Small Business Association  
 McPherson Main Street  
 Meade County Economic Development Committee Inc.  
 Miami County Economic Development  
 Mid America Manufacturing Tech. Ctr., Overland Park  
 Mid America Manufacturing Tech. Ctr., Pittsburg  
 Mid America Manufacturing Tech. Ctr., Western Kansas  
 Mid America Manufacturing Tech. Ctr., Wichita  
 Mid-America Minority Business Development Council  
 Mid-America Incorporated  
 Midwest Center for Nonprofit Leadership  
 Midwest Energy, Inc.  
 Minority Supplier Council of Kansas City  
 Mitchell County Community Development  
 Minneapolis Economic Development  
 MO-FAST (MO Federal & State Technology)  
 MO-KAN Development, Inc.  
 NASA Mid-Continent Technology Transfer Center  
 National Association of Women Business Owners  
 National Federation of Independent Business  
 National Institute for Aviation Research  
 Neosho County Community College  
 Ness County Economic Development  
 Newton Workforce Center  
 North Central Regional Planning Commission  
 Northeast Johnson County Chamber of Commerce  
 Northeast Kansas Enterprise Facilitation Initiative  
 Northwest Kansas Planning & Development Commission  
 Norton County Economic Development Center  
 Oberlin-Decatur Area Economic Development  
 Olathe Chamber of Commerce  
 Olathe Economic Development Council  
 Osage County Development  
 Osborne Economic Development  
 Ottawa Main Street  
 Overland Park Chamber of Commerce  
 Overland Park Economic Development Council  
 Overland Park Workforce Center  
 Pawnee Co. Economic Development/ Larned Area Chamber  
 Pioneer Electric Cooperative, Inc.  
 Pittsburg Workforce Center  
 Pottawatomie County Economic Development  
 POWER Mentoring Program  
 Prairie Enterprise Project (PEP)  
 Pratt Area Economic Development Corporation  
 Q.U.A.D. Enterprise Facilitation  
 Quest Center for Entrepreneurs, Inc.  
 Republic County Economic Development  
 Rooks County Economic Development  
 Rural Development Association of Northeast Kansas  
 Rural Telephone Service Co., Inc.  
 Russell Main Street  
 Salina Workforce Center  
 SBA Disadvantaged Business Procurement  
 SBA Economic Development Department  
 SBA HUBZone Program  
 SBA Small Business Procurement Program  
 SBA, Kansas City District Office  
 SBA, Wichita District Office  
 SCORE, Ark Valley Chapter, #317  
 SCORE, Dodge City Chapter #388  
 SCORE, Great Bend Chapter #673  
 SCORE, Hutchinson Chapter #359  
 SCORE, Kansas City Chapter #19  
 SCORE, Liberal Chapter #388  
 Smith Center Chamber of Commerce  
 Smith Center Economic Development  
 Smoky Hills Economic Development  
 Solomon Valley Regional Entrepreneurial Center  
 Shawnee Area Chamber of Commerce  
 South Central Kansas Economic Development District  
 Seward County Community College Shawnee Economic Development Council  
 SCORE, Topeka Chapter #342  
 SCORE, Wichita Chapter #143  
 SCORE, McPherson Chapter #542  
 SCORE, North Central Kansas Chapter #251  
 See-Kan RC&D Project, Inc.  
 Sherman County Economic Development  
 Small & Home Business Connection  
 Southeast Kansas Regional Planning Commission  
 Southeast Kansas, Inc.  
 Southern Kansas Telephone Co. (SKT)  
 Southwest Johnson County Economic Development  
 Southwest Kansas Technical School  
 Spring Hill Chamber of Commerce  
 St. John Main Street Corporation  
 Stevens County Economic Development  
 Successful Entrepreneur Program  
 Sumner County Economic Development  
 Sunflower Electric Power Corporation  
 Sunflower RC&D Area, Inc.  
 Sunflower Regional Enterprise Facilitation  
 Support Kansas City, Inc.  
 Taxpayer Advocate Service  
 Topeka Workforce Center  
 Trego County Economic Development  
 U.S. Commercial Service Kansas City  
 U.S. General Services Administration  
 Unified Government of Wyandotte County, Purchasing Division  
 University of Kansas Center for Research  
 University of Kansas, Technology Transfer & Intellectual Property  
 US Department of Commerce, Commercial Services  
 USDA Rural Development, Area 1  
 USDA Rural Development, Area 3  
 Wabaunsee County Economic Development  
 Wakarusa Valley Development, Inc.  
 Washington County Economic Development  
 Western Kansas Enterprise Facilitation Consortium  
 Western Kansas Technology Corp.  
 Western Prairie RC&D  
 Wichita Metro Chamber of Commerce  
 Wichita County Economic Development  
 Wichita Downtown Development Corporation  
 Wichita Independent Business Association  
 Wichita Technology Corporation  
 Wichita Workforce Center  
 Winfield Area Chamber of Commerce  
 Winfield Main Street  
 Workforce Alliance of South Central Kansas  
 Wyandotte County Workforce



# KANSAS DOWNTOWN DEVELOPMENT ASSOCIATION

**TESTIMONY OPPOSING SENATE BILL 453**  
**“AN ACT establishing the Kansas commission on rural policy”**  
**Presented To the SENATE COMMERCE COMMITTEE**  
**February 14, 2008**

Chairpersons Brownlee and Jordan; Ranking Minority Member Barone; and Honorable Committee Members:

Since 1981, the Kansas Downtown Development Association (KDDA), a non-profit advocate for Kansas Downtowns, has worked closely with rural Kansas communities. Last legislative session, KDDA worked with its partners to support the creation of the Office of Rural Opportunity. In its brief tenure, the Office of Rural Opportunity has signed agreements with many of the state’s universities and colleges to establish rural outreach centers to improve rural communities’ access to the state’s existing economic development and community development programs.

The Office of Rural Opportunity grew out of a measured and extensive strategic planning process undertaken by Kansas, Inc., an organization charged with planning for the state’s economic growth. Given the early successes of the Office of Rural Opportunity, KDDA believes that the creation of a Kansas Commission on Rural Policy is unnecessary. We are confident that the Office of Rural Opportunity, housed within the Kansas Department of Commerce, will be the best clearinghouse for rural communities. An additional layer of bureaucracy would be redundant.

KDDA feels that the document entitled “Enhancing the Structure of Rural Development in Kansas,” within The 2007 Kansas Economic Development Strategic Plan, dated January 2008, should be implemented.

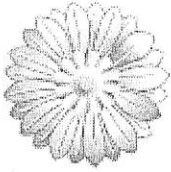
Should you have any questions related to our position on Senate Bill 453 or on downtown issues, please do not hesitate to call me at 785-825-0535.

Respectfully Submitted,

Phyllis Klima  
President, Kansas Downtown Development Association

Senate Commerce Committee  
February 14, 2008

Attachment 4-1



# Kansas Preservation Alliance, Inc.

Saving the Past to Enrich the Future since 1979

## Board of Directors

LeeAnne Hays, President

*Leawood*

Rahim Borhani, VP

*Manhattan*

Christie Carl, VP

*Abilene*

Joy Coleman, VP

*Topeka*

Judith Reynolds, Secy.

*LaCrosse*

Bobbi Miles, Treasurer

*Smith Center*

Ken Bower

*Leavenworth*

Norman Chambers

*Independence*

Randy Clark

*McPherson*

Dale Nimz

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Jean Schodorf

*Wichita*

Randal Steiner

*Wichita*

P. J. Stephenson

*Ottawa*

Ray Weisenburger

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## Executive Director

Janine E. Joslin

*Leawood*

## Eastern KS Field Rep

Jen Laverentz

*Overland Park*

## Advisory Board

Barbara Anderson

*Manhattan*

Marti Crow

*Leavenworth*

Tim Degginger

*Topeka*

Dennis Enslinger

*Kansas City*

James Parrish

*Topeka*

## Trustee:

Bernd Foerster

*Manhattan*

## National Trust

for Historic Preservation

Advisor

Vance Kelley

*Topeka*

February 8, 2008

Written Testimony by: Janine Joslin, Executive Director

RE: Senate Bill 453

Chairwoman Brownlee and Chairman Jordan,

Thank you for the opportunity to present written testimony from the historic preservation perspective regarding SB 453. In 2005 the National Trust for Historic Preservation, through a grant from the W.K. Kellogg Foundation, established a Rural Heritage Development Initiative. After two years, what has worked in the two pilot programs is now quantifiable. While SB 453 has captured several of the ideas that have proven effective in rural development, it does not appear to go as deeply into solutions as the proposals that came out of the two-year study and strategy *Enhancing the Structure of Rural Development in Kansas* that was presented by **Kansas, Inc.** dated January 2008.

Because the Kansas, Inc. proposal was the product of a collaborative effort by many of the state's agencies and entities already involved in rural development, it provides a comprehensive strategy that does not duplicate efforts and includes those who are already on the ground making a difference in rural Kansas. Some specifics of the Kansas, Inc. proposal that should be integrated into a Senate Bill concerning rural economic development:

- Elevating the importance of the Office of Rural Opportunity - the recognized lead agency that is connected to what all other rural development entities are doing;
- Rural Opportunity Zones

SB 453 has many excellent suggestions and opportunities. The KPA thanks the Kansas Legislature for working hard to improve the quality of life for Kansans living in rural communities. We are often contacted by citizens in small towns across Kansas for help in saving their towns, represented by their downtown buildings. The loss of their historic resources is the result of the economic downturn that small towns across the country have experienced in the past 100 years. While there are some new programs in place, it is often a confusing amalgam of services that would be more effective through a holistic approach as proposed by Kansas, Inc.

We look forward to Kansas being in the forefront of rural economic development by the adoption of a bill that integrates innovative approaches and well thought-out strategies.

Janine E. Joslin

Digitally signed by Janine E. Joslin  
DN: cn=Janine E. Joslin, o=Kansas Preservation  
Alliance, ou, email=jjoslin1@kcr.com, c=US  
Date: 2008.02.09 11:20:51 -06'00'

12120 State Line Road, Ste 128 Leawood, Kansas 66209 [www.kpalliance.org](http://www.kpalliance.org)

Senate Commerce Committee

February 14, 2008

Attachment 5-1



# SENATE BILL No. 453

By Committee on Ways and Means

1-22

9 AN ACT establishing the Kansas commission on rural policy.

10

11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. (a) Sections 1 through 6, and amendments thereto, shall  
13 be known and may be cited as the Kansas commission on rural policy act.

14 (b) The legislature of the state of Kansas hereby finds and declares  
15 that:

16 (1) Rural communities provide employment, education, services and  
17 opportunities for social interaction and play a critical role in the economic  
18 viability of the state of Kansas;

19 (2) decline in these communities has resulted in the need for focused  
20 efforts by the state of Kansas to ensure their future prosperity and ability  
21 to continue to contribute to the welfare and economy of the state; and

22 (3) the needs of the citizens of the state of Kansas and the public and  
23 private entities engaged in rural and community development will be best  
24 served by a commission charged with the mission of facilitating, support-  
25 ing, financing and performing rural development projects for the benefit  
26 of its citizens to promote the state's research, development and entre-  
27 preneurial objectives.

28 (c) The purpose for which the Kansas commission on rural policy is  
29 created is to make rural Kansas the most desirable area in which to con-  
30 duct, facilitate, support and finance rural business, cultural development  
31 and entrepreneurship, and to make Kansas a national leader in the crea-  
32 tion and implementation of strategies to foster leadership, the retention  
33 of youth, development of entrepreneurship and encouragement of local  
34 wealth generation, to create new jobs, foster economic growth, advance  
35 knowledge and improve the quality of life for the citizens of the state of  
36 Kansas. To accomplish this goal the Kansas commission on rural policy  
37 will develop strategies for rural economic development based on national  
38 best practices and benchmarking that incorporates the following:

recommendations

39 (1) State efforts to coordinate research and advocacy to provide tax  
40 credits and financing through [Regional] community foundations and other  
41 philanthropic organizations, and to promote and finance rural entrepre-  
42 neurial activity and wealth retention;

43 (2) strategies that promote an extensive network of transportation and

Senate Commerce Committee  
February 14, 2008  
Attachment 6-1

1 telecommunications services to allow local economies to become fully  
2 integrated into the global economy; and

3 (3) local efforts to develop or expand meaningful leadership devel-  
4 opment programs and to promote opportunities to recruit young people  
5 to return to or establish their home and business in a rural community.

6 Sec. 2. (a) There is hereby established a body politic and corporate  
7 to be known as the Kansas commission on rural policy. The commission  
8 shall be an independent instrumentality of the state. The exercise by the  
9 commission of the powers conferred by this act shall be deemed and held  
10 to be the performance of an essential governmental function.

11 (b) (1) The Kansas commission on rural policy shall be governed by  
12 a board of directors consisting of 12 members.

13 (2) Nine members of the board of directors shall be voting members  
14 appointed as follows: Three shall be appointed by the governor, two shall  
15 be appointed by the speaker of the house of representatives, two shall be  
16 appointed by the president of the senate, one shall be appointed by the  
17 minority leader of the house of representatives and one shall be appointed  
18 by the minority leader of the senate. All voting members appointed to  
19 the board shall be subject to senate confirmation as provided in K.S.A.  
20 75-4315b, and amendments thereto. Any voting member appointed to  
21 the board whose nomination is subject to confirmation during a regular  
22 session of the legislature shall be deemed terminated when the senate  
23 rejects the nomination. No such termination shall affect the validity of  
24 any action taken by such member of the board before such termination.

25 (3) The terms of the nine voting members first appointed to the board  
26 of directors shall be as follows: Four years for members appointed by the  
27 governor, three years for members appointed by the speaker of the house  
28 of representatives and the president of the senate and two years for mem-  
29 bers appointed by the minority leader of the house of representatives and  
30 the minority leader of the senate. Members of the first board shall be  
31 appointed by September 1, 2008. Subsequent terms of all voting mem-  
32 bers appointed to the board shall be for four years.

33 (4) The other three members of the board of directors shall serve ex  
34 officio: The secretary of commerce, the secretary of agriculture and the  
35 president of Kansas, Inc. Each ex officio member of the commission may  
36 designate an officer or employee of the state agency or organization of  
37 the ex officio member to serve on the commission in place of the ex officio  
38 member. The ex officio members of the commission, or their designees,  
39 shall be nonvoting members of the commission and shall provide infor-  
40 mation and advice to the commission.

41 (c) The Kansas commission on rural policy board of directors shall  
42 elect annually from among its voting members a chairperson, vice-chair-  
43 person and secretary. Five voting members of the board shall constitute

1 a quorum and the affirmative vote of five members shall be necessary for  
2 any action taken by the board. No vacancy in the membership of the  
3 board shall impair the right of a quorum to exercise all the rights and  
4 perform all the duties of the board.

5 (d) Members of the commission who are not legislators shall receive  
6 mileage, tolls and parking as provided in K.S.A. 75-3223, and amend-  
7 ments thereto, for attendance at any meeting of the commission or any  
8 subcommittee meeting authorized by the commission. Legislative mem-  
9 bers of the commission shall be paid amounts provided in subsection (e)  
10 of K.S.A. 75-3223, and amendments thereto, for attendance at any meet-  
11 ing of the commission or any subcommittee meeting authorized by the  
12 commission.

13 (e) All resolutions and orders of the Kansas commission on rural pol-  
14 icy board of directors shall be recorded and authenticated by the signature  
15 of the secretary or a person designated by the secretary. The book of  
16 resolutions, orders, minutes of open meetings, annual reports and annual  
17 financial statements of the commission shall be public records as defined  
18 by K.S.A. 45-215 et seq., and amendments thereto. All public records  
19 shall be subject to regular audit as provided in K.S.A. 46-1106, and  
20 amendments thereto.

21 Sec. 3. (a) The Kansas commission on rural policy shall develop com-  
22 munity-based programming and funding in the following key areas: Fos-  
23 tering leadership; encouraging wealth retention and generation; devel-  
24 oping entrepreneurship and retaining youth in rural communities. The  
25 commission shall not compete with ~~other state and private agencies~~ in  
26 delivering services related to the above key areas, but will design and  
27 optimize the activities of such other agencies in a comprehensive effort.

, duplicate or assume the responsibilities or functions of existing federal or state funded programs and organizations,

, collaborate with

28 (b) Prior to July 1, 2009, the commission shall perform the following:

29 (1) Hire an interim executive director or consultant to act as executive  
30 director, having all the powers, duties and responsibilities of the executive  
31 director of the commission until such time as an executive director can  
32 be hired by the board of directors. The legislative coordinating council  
33 may authorize a consulting study in order to fulfill this duty;

34 (2) hire such support staff as deemed necessary;

35 (3) develop a comprehensive plan for fulfillment of the commission's  
36 duties until an executive director is hired;

37 (4) acquire facilities in a community with a rural knowledge base,  
38 rural resources and leadership which shall serve as a base of operations  
39 for the commission;

40 (5) evaluate the current efforts being utilized to fulfill the commis-  
41 sion's objectives and report to the legislature during the 2009 legislative  
42 session as to best practices currently being conducted;

43 (6) develop partnerships with other organizations to ~~begin offering~~

offer

6-4

1 technical assistance to rural communities seeking programming  
2 assistance;

3 (7) develop partnerships with private organizations and institutions  
4 engaged in rural development strategies to identify best practices and  
5 make those resources available to rural communities; and

6 (8) report on the commission's activities to the legislature during the  
7 2009 legislative session.

8 (c) In addition to the duties set forth in subsection (b), the commis-  
9 sion, once appointed and confirmed, shall perform the following:

10 (1) Develop on-the-ground resources for rural communities utilizing  
11 existing resources and potential partnerships or by developing new efforts  
12 and strategies;

13 (2) act in concert with contracting organizations to develop funda-  
14 mental capacity building resources to assist communities in achieving  
15 growth using the key areas set forth in subsection (a);

16 (3) identify up to 20 pilot communities for direct programming efforts  
17 by July 1, 2010;

18 (4) review rural development programs in other state agencies and  
19 provide strategic direction to such agencies;

recommendations

20 (5) serve as a convener of organizations engaged in activities focused  
21 on the key areas set forth in subsection (a) to develop a unified strategy  
22 for rural development efforts across the state;

recommendations

23 (6) administer the rural community development grant program pur-  
24 suant to the provisions of sections 4 through 6, and amendments thereto;  
25 and

26 (7) report annually to the legislature with each annual report to in-  
27 clude a report on the activities of the commission, recommendations by  
28 the commission and suggestions for legislation.

29 Sec. 4. (a) The Kansas commission on rural policy is hereby author-  
30 ized to develop a program of grants to carry out rural community devel-  
31 opment activities in accordance with the provisions of this act. Recipients  
32 of such grants shall be selected by the commission in accordance with  
33 policies and procedures adopted by the board of directors of the  
34 commission.

35 (b) Any individual or organization desiring to receive a grant pursuant  
36 to this act shall submit a request for grant funds to the commission in a  
37 form and manner prescribed by the commission. Such request shall in-  
38 clude a statement of such individual or organization's proposed rural com-  
39 munity development activities, projected use of grant funds and any other  
40 information related to the grant required by the commission.

41 (c) As part of any request for grant funds the requesting individual  
42 or organization shall certify to the commission that the individual or or-  
43 ganization will provide matching funds in an amount equal to the total



6-5

1 amount of funds to be granted to the individual or organization by the  
2 commission, or in-kind labor and services with an equivalent value.

3 (d) The commission shall adopt policies and procedures regarding the  
4 application procedure, grant periods, grant evaluation and reporting cri-  
5 teria, the filing of forms that support the request for grant awards, the  
6 method and manner of payment of grant funds and any other matter  
7 necessary to carry out the provisions of this act.

8 (e) For the purposes of this section and section 5, and amendments  
9 thereto, the term "rural community development activities" means those  
10 activities and programs that focus on fostering leadership, encouraging  
11 wealth retention and generation, developing entrepreneurship and at-  
12 tracting and retaining youth in rural communities.

13 Sec. 5. (a) Each recipient of grant funds pursuant to this act shall  
14 submit to the Kansas commission on rural policy, at a time determined  
15 by the commission, a performance and evaluation report concerning the  
16 use of grant funds made available under section 4, and amendments  
17 thereto, together with an assessment by the recipient of the relationship  
18 of such use to the rural community development activities identified in  
19 the recipient's statement under subsection (b) of section 4, and amend-  
20 ments thereto. The recipient's report shall indicate an evaluation of the  
21 rural community development activities, the nature of and reasons for any  
22 changes in such activities and an evaluation of the use of the grant funds  
23 for such activities. The commission shall, at least on an annual basis, make  
24 such reviews and audits as may be necessary or appropriate to determine:

25 (1) Whether the recipient has carried out its rural community devel-  
26 opment activities in a timely manner;

27 (2) whether the recipient has carried out those activities and its cer-  
28 tifications in accordance with the requirements of sections 4 and 5, and  
29 amendments thereto; and

30 (3) whether the recipient has a continuing capacity to carry out those  
31 activities in a timely manner.

32 (b) Insofar as they relate to grant funds provided under section 4,  
33 and amendments thereto, the financial transactions of recipients may be  
34 audited under such policies and procedures as may be adopted by the  
35 commission. The commission shall report the final results of any audits  
36 conducted pursuant to this section to the state legislature during the leg-  
37 islative session immediately following the audit.

, the governor and any affected state agency, organization or entity

38 Sec. 6. (a) There is hereby established in the state treasury the rural  
39 community development grant program fund. All moneys credited to  
40 such fund shall be used only for the awarding of grants pursuant to sec-  
41 tions 4 and 5, and amendments thereto. Such fund shall be administered  
42 in accordance with the provisions of sections 4 and 5, and amendments  
43 thereto, and the provisions of appropriation acts.

1 (b) All expenditures from the rural community development grant  
2 program fund shall be made in accordance with appropriation acts upon  
3 warrants of the director of accounts and reports issued pursuant to vouch-  
4 ers approved by the executive director of the Kansas commission on rural  
5 policy.

6 (c) On or before the 10th of each month, the director of accounts  
7 and reports shall transfer from the state general fund to the rural com-  
8 munity development grant program fund interest earnings on:

9 (1) The average daily balance of moneys in the rural community de-  
10 velopment grant program fund for the preceding month; and

11 (2) the net earnings rate for the pooled money investment portfolio  
12 for the preceding month.

13 Sec. 7. This act shall take effect and be in force from and after its  
14 publication in the statute book.