

MINUTES OF THE HOUSE VISION 2020 COMMITTEE

The meeting was called to order by Chairman Tom Sloan at 1:30 p.m. on March 16, 2009, in Room 711 of the Docking State Office Building.

All members were present except:

Representative Clay Aurand- excused
Representative Mario Goico- excused
Representative Don Hineman- excused
Representative Joe Seiwert- excused
Representative Lee Tafanelli- excused

Committee staff present:

Art Griggs, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Corey Carnahan, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Mary Koles, Committee Assistant

Conferees appearing before the Committee:

Tom Thornton, Kansas Bioscience Authority
Tracy Taylor, Kansas Technology Enterprise Corporation
David Kerr, Kansas Department of Commerce
Stan Ahlerich, Kansas, Inc.

Others attending:

See attached list.

Chairman Sloan welcomed the economic development team, today's conferees, to the committee. He thanked them for appearing again and sharing their expertise, insights, thoughts, hopes, and concerns about the current status and future of economic development in Kansas.

The conferees' presentations focused on several questions posed by Vision 2020 during their February 25, 2009, appearance before the committee (Attachment 1). Initially, one member of the team addressed a question and then others offered further information and their thoughts about the subject.

Tom Thornton, President and CEO, Kansas Bioscience Authority, discussed super computing. This capability is crucial for drug discovery and development and would help attract researchers to Kansas. Our current capability needs to be inventoried and evaluated. Furthermore, he stated that in order to attract and retain businesses, it is crucial to offer upfront cash instead of tax credits to companies, particularly to our aviation industry which other states and countries try to entice to their areas. Stan Ahlerich agreed cash is crucial and noted that the Economic Development Initiatives Fund (EDIF) was set up twenty years ago and over time has eroded.

Tracy Taylor, President and CEO, Kansas Technology Enterprise Corporation, reported that KTEC's funding peaked in 1999. Due to regulations, he explained, a coalition of Kansas banks and savings and loans to provide access to capital for companies is not feasible. A venture capital fund strictly for bioscience in Kansas would be hard to raise; perhaps consider a broader package - bioscience, clean tech, and software development. He also commented about intellectual property controlled by the state universities and federal laws. Our state universities, primarily KU and KSU, are mindful of the issue. The incubator on the West campus at KU is, he mentioned, encouraging.

David Kerr, Secretary, Kansas Department of Commerce, reminded us that the largest funder of basic research in the country is the federal government and the money goes to academic institutions. Kansas needs to be in concert with the federal priorities for research and development, especially in the bioscience, energy, and drug development fields, to obtain these funds. He also addressed job training: the need for new programs, classes, and standardization; and to examine distance learning via the Kan-ed network. In closing, he proposed that Kansas move toward a more competitive economic development program, one with tools and programs anyone can use.

CONTINUATION SHEET

Minutes of the House Vision 2020 Committee at 1:30 p.m. on March 16, 2009, in Room 711 of the Docking State Office Building.

Stan Ahlerich, President, Kansas, Inc., noted that KBA, KTEC, and DOC have different responsibilities and needs. Echoing others, he reiterated that access to capital is crucial for companies and regulatory issues preclude banks and savings and loans from helping. To be competitive, he stated, Kansas needs a balance of financial tools to offer companies - upfront cash, not always bonds, and tax credits. In closing, he stressed the importance of keeping what we have as well as moving forward.

Questions were asked and comments made by committee members during the presentations and much discussion followed. Chairman Sloan and Representatives Barbara Craft, Pat George, Raj Goyle, Tom Hawk, Don Navinsky, and others asked questions or commented.

The team provided a draft of issues they will address over the summer and fall in preparation for a report, including "next steps," to present to Vision 2020 in January, 2010. Their objective is to develop a strategic roadmap in 2010 "for economic development policies and programs that will guide the state for at least 10 years." Kansas, Inc. will provide leadership (Attachment 1).

Vice-Chairman Pat George thanked the team for their presentations.

The meeting was adjourned at 2:50 p.m.

House Vision 2020 Committee Guest List

Date: March 16, 2009

Name	Representing Client/Authority
Dan Korbar	Kansas Inc
Tom KRABS	KRAB
Stan Ahlenid	Kansas, Inc.
Tom Thorpe	Kansas Bioscience Authority
P. Smith	KSB
SEAN MURPHY	CAPITOL STRATEGIES

General Questions from the Vision 2020 Committee

The following are the thoughts we discussed for the agencies to address over the summer and fall with the expectation that a report and "next steps" will be presented to the Committee in January:

Under KS Inc.'s leadership in facilitating meetings and coordinating results and with the objective of developing in 2010 a strategic road map for economic development policies and programs that will guide the state for at least 10 years:

- Examine the existing structure and coordination processes between the agencies and other Kansas stakeholders and make any appropriate recommendations for the development of a more comprehensive "umbrella" policy coordinating body;
- Evaluate the effectiveness of existing business incentives (both from strategic and component perspectives) and recommend enhancements, restructuring, rescission, alternatives;
- The State has made bio-science research and development a very high priority. Evaluate alternative sector targeting (e.g., energy, information technologies) so that state policies support a larger number of Kansans' economic development initiatives;
- Evaluate whether gaps in state agency support for businesses (e.g., trying to grow from 10-50 employees) exist and should be addressed;
- Evaluate whether the concept of "one stop shopping/coordination" for economic development can be developed and implemented, and whether it should include regulatory agencies.

*House Vision 2020
3-16-2009
Attachment 1-1*

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