

## MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman David Wysong at 8:30 a.m. on January 22, 2009, in Room 545-N of the Capitol.

All members were present except:

- Senator Jay Emler - excused
- Senator Roger Reitz - excused

Committee staff present:

- Ms. Margaret Cianciarulo, Administrative Assistant
- Mr. Norm Furse, Office of the Revisor of Statutes
- Mr. Ken Wilke, Office of the Revisor of Statutes Department
- Mr. Reed Holwegner, Kansas Legislative Research Department
- Mr. Julian Efird, Kansas Legislative Research

Conferees appearing before the Committee:

- Mr. Tracy Taylor, President & CEO, KTEC

Others attending:

- Please see attached list.

### Introduction of Bills

Upon calling the meeting to order, Chairman Wysong asked if there were any bills to be introduced. Senator Lynn offered legislation concerning transportation development districts. A motion was made by Senator Schodorf that the Committee introduce the proposed legislation. It was seconded by Senator Faust-Goudeau and the motion carried.

Senator Wysong offered legislation concerning the state use law committee; date for expiration thereof. Senator Schodorf again made a motion that the Committee introduce the proposed legislation. It was seconded by Senator Lynn and the motion carried.

### Overview of Kansas Technology Enterprise Corp. (KTEC)

The Chair then recognized Mr. Tracy Taylor, President & CEO, KTEC who mentioned he had five handouts to cover:

- 1) Two invitations to KTEC Pipeline Programs.
- 2) A pamphlet showing what KTEC has created and/or supports including MAMITC, Centers of Excellence, and Business Assistance Incubators.
- 3) A PowerPoint presentation covering:

- The history of KTEC including its creation by the Legislature in 1986, governed by a Board of Directors, and funded by the Eco Devo Initiatives Fund (Kansas Lottery & Gaming Commission).

- Areas of Focus (Research, Investments, Business Assistance, & Entrepreneur Development).

- The 2008 State New Economy Index ranking Kansas 8<sup>th</sup> in the Nation for "Gazelle Jobs."

- An overview on the Kansas Bioscience Organization (Kansas Bio) and KTEC Pipeline.

- A brief history of the economic development.

- and lastly, FY2008 results, KTEC cumulative results, and the FY09 budget summary.

## CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on January 22, 2009, in Room 545-N of the Capitol.

Page 2

A copy of Mr. Taylor's PowerPoint presentation is (Attachment 1) attached and incorporated into the Minutes as referenced.

Both the pamphlet and invitation are filed in Chairman Wysong's office.


The Chair thanked Mr. Taylor and asked the Committee for comments or questions which came from Senators Schodorf, Wysong, Holland, Faust-Goudeau, and Lynn. including: Do you see any redundancy between KTEC and the Department of Commerce? Regarding the transfer of employees, who would go and what would that due to the momentum? Mr. Taylor was asked to discuss MANPEC and the KBA and what type of similarities are there between KTEC and KBA? Will you look to your private sector funding if you do not get state funding? From what you describe, in 2010 by putting some of the duties into Commerce, essentially most of this would go away and uncomfortable about moving any more initiatives into Commerce because it is so big.

### **Adjournment**

As there was no further business, Chairman Wysong adjourned the meeting. The next meeting is scheduled for Tuesday, January 27, 2009.

The meeting was adjourned at 9:25 a.m.





**M:P:2**  
**MISSION POSSIBLE**  
**PIPELINE**  
KTEC'S ENTREPRENEURIAL FELLOWSHIP

**KTEC PIPELINE 1:22:2009**

**YOUR MISSION:**  
 Accept this invitation to Mission Possible 2, the premier event for Kansas entrepreneurs, business and technology leaders.

**KTEC PIPELINE Innovator of the Year:**

**DATE:** THURSDAY, JANUARY 22, 2009  
**LOCATION:** SHERATON OVERLAND PARK  
 6100 COLLEGE BOULEVARD  
 OVERLAND PARK, KS 66211

**PROGRAM:** NETWORKING RECEPTION: 6:30  
 DINNER & PROGRAM: 7:30

- \* Announcement of KTEC PIPELINE Innovator of the Year
- \* Presentation of Entrepreneurial Leadership Award
- \* Recognition of 2008 KTEC PIPELINE Innovators & Mentors
- \* Unveiling of 2009 KTEC PIPELINE Innovators


**INVITATION**

To RSVP and for more information, click below.

[REGISTER](#)    [SPONSORSHIP](#)    [DOWNLOAD SCREENSAVER](#)

**SPONSORS:**





**MISSION POSSIBLE 2**

W: [www.ktecpipeline.com](http://www.ktecpipeline.com) P: 913.307.0004 E: [info@ktecpipeline.com](mailto:info@ktecpipeline.com)

8527 Bluejacket Street | Lenexa, KS 66214 | Phone: 913.307.0004

You received this email because you have an established relationship with KTEC. If you no longer wish to receive marketing messages from KTEC via email, you may [unsubscribe](#) at any time.

Senate Commerce Committee  
*Date: January 22, 2009*  
 Attachment   1



## Ensuring Kansas' prosperity through technology

The Bioscience and Information Technology Caucus  
invites you to hear from national innovation policy advisor

# Dr. Robert Atkinson



Dr. Atkinson is an internationally recognized thought leader and President and Founder of the Information Technology and Innovation Foundation (ITIF), a Washington, DC-based technology policy think tank.

Dr. Atkinson will present his findings on technology-based economic development and how his research relates to the Kansas economy.

And hear other Kansas innovation announcements including the **Kansas Bioscience Industry Growth Awards**.

## Kansas Innovation Reception

Tuesday, January 27, 2009  
5:30 – 7:00 p.m.

Top of the Tower  
1600 Bank of America Tower  
534 S. Kansas Ave.  
Topeka, Kansas

RSVP online [at this website](#).

Learn how Kansas ranked in the  
[ITIF 2008 State New Economy Index](#).

Hosted by:  **KTEC**  
KANSAS TECHNOLOGY  
ENTERPRISE CORPORATION

 **sitaks**  
The Science and Technology  
Innovation Center of Kansas

 **KANSASBIO**  
KANSAS BIOSCIENCE ASSOCIATION



13

# Senate Commerce Committee

January 22, 2009

Tracy B. Taylor  
KTEC President & CEO

**Ensuring Kansas' Prosperity through Technology**



# About KTEC

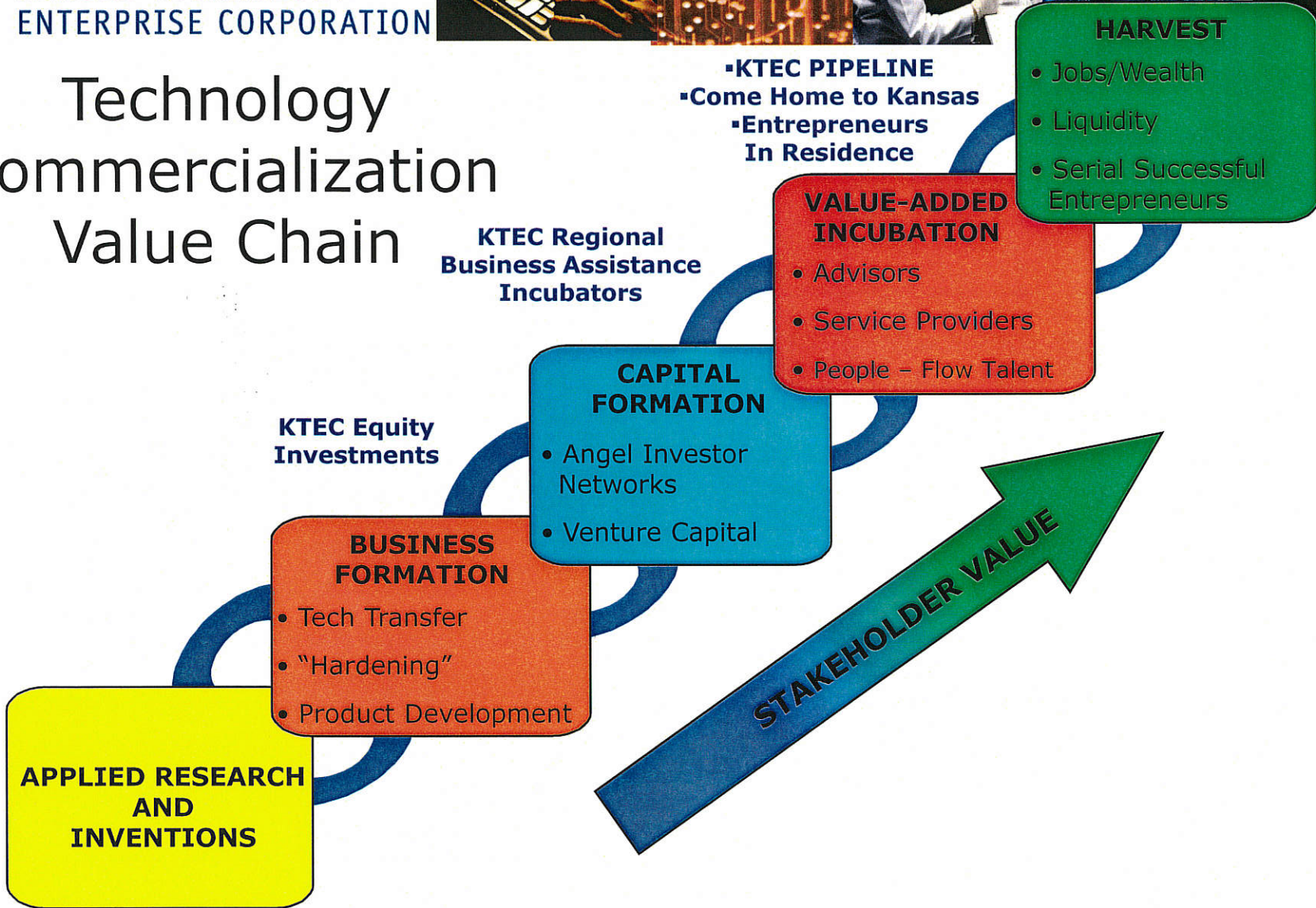
- Created by Legislature in 1986
  - “Redwood-Krider Report” articulated need for entrepreneurship and technology economic development
- Governed by 20-member, industry-led board of directors
  - Includes private sector, university, legislature and administration representatives
- Funded by the Economic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

**Ensuring Kansas' Prosperity through Technology**





# Technology Commercialization Value Chain



**Ensuring Kansas' Prosperity through Technology**





# KTEC Areas of Focus

## Research

### Centers of Excellence

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

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

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

## Investments

### Direct Equity Investments

**Angel Tax Credits**

**Creation of Angel Networks**

### Entrepreneur Development

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

## Business Assistance

### Incubators

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

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





## KTEC Values

- **Private sector oriented** – results driven, pro-active and customer oriented
- **Continuous innovation** – KEGA, KansasBio, KTEC PIPELINE, Come Home to Kansas, SITAKS
- **Lean organization** – reduction of staff from 19 to 11
- **Strategic without duplication** of services in Kansas
- **Commercialization focus** – fill essential gaps and force collaboration

**Ensuring Kansas' Prosperity through Technology**



## So What?

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

\* *Based on the National Commission on Entrepreneurship, 2001*





# KTEC Innovation Example

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



# A Brief History of Economic Development

Kansas Legislature  
House Committee on Economic Development  
January 14, 2003

Jay Kayne  
VP of Entrepreneurship  
Kauffman Foundation

# So What's The Issue?

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



# Your Role as State Policymaker

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

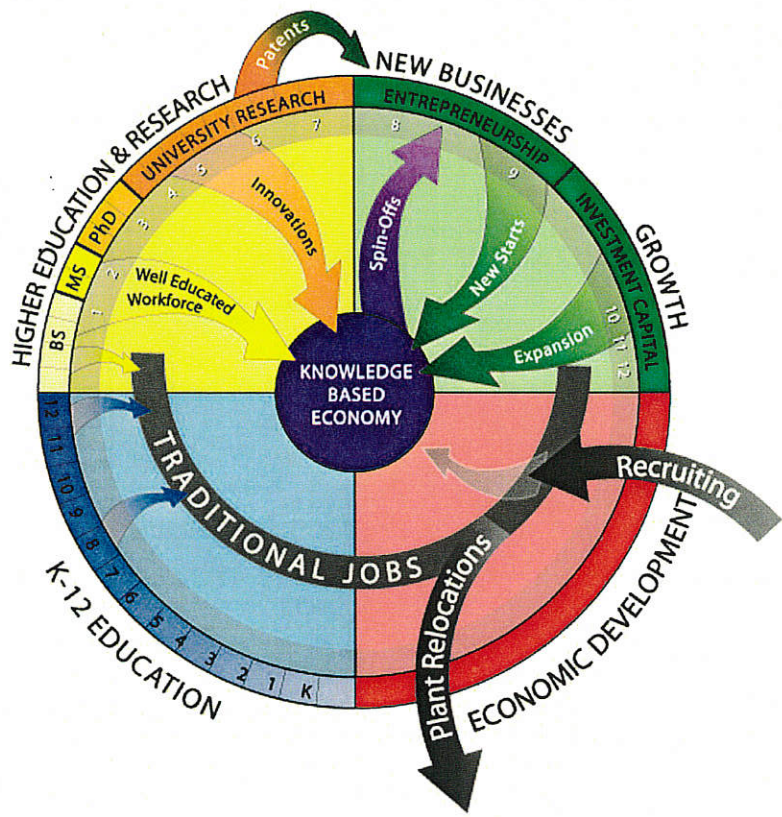
# Kansas Economic Growth Act

Testimony on House Bill No. 2647

February 3, 2004

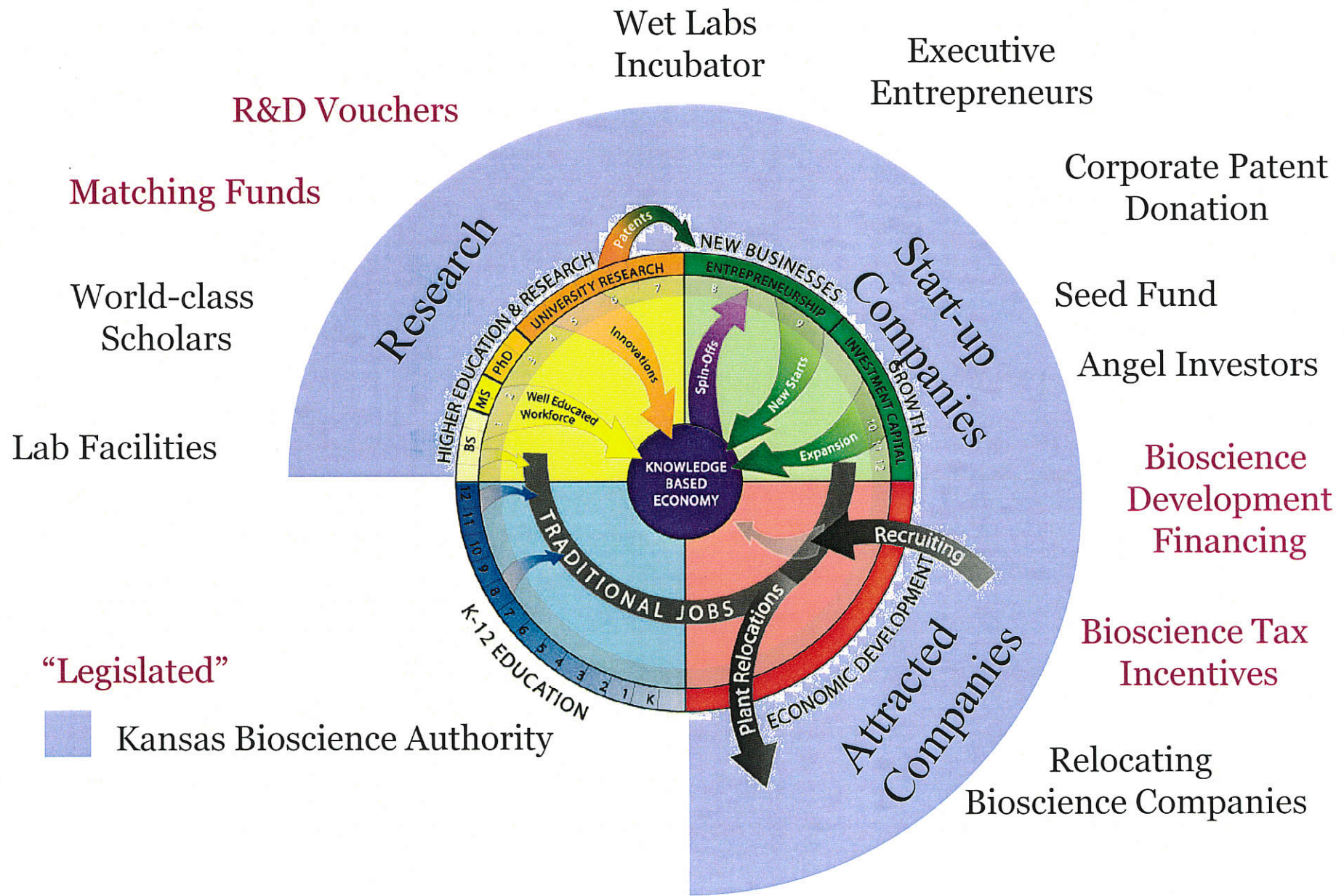
Presented by:

Tracy Taylor  
Kansas Technology Enterprise Corporation





# 10-Year Bioscience Roadmap



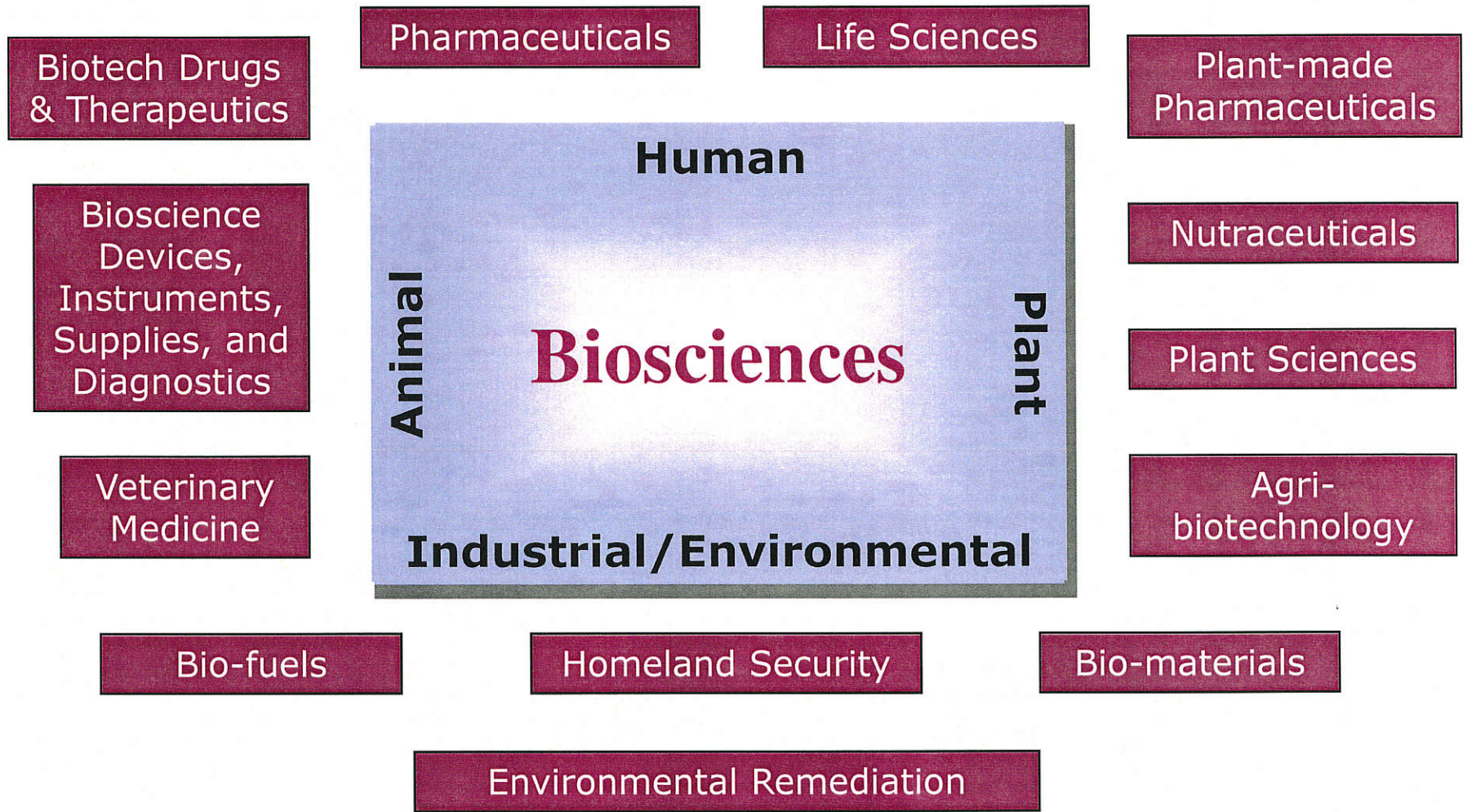
# House Bill No. 2647 Overview

1. Bioscience Authority Act
2. Emerging Industry Investment Act
3. Bioscience Development Financing Act
4. Bioscience Tax Investment Incentive Act
5. Bioscience Research and Development (R&D) Voucher Program Act
6. Bioscience Research Matching Funds Act

Process: Discussion of each section, then questions



# Definition: Biosciences







1-17

# 2008 State New Economy Index

- There is concrete evidence that KTEC's efforts are improving the entrepreneurial climate in Kansas, which was **ranked 8th in Nation for "Gazelle Jobs"** - according to the 2008 State New Economy Index. Rapid growth "Gazelle" companies account for 80% of new jobs created.
- The New Economy Index also ranked **Kansas a "Top Mover" in "Fastest Growing Firms."** Through our direct equity investments and business assistance, KTEC has helped Kansas experience a large increase in the number of "fast growing firms" (i.e. those with growth exceeding 200% over 4 years). These firms provide a strong base for the state's current and future growth.



8/1-1

# SITAKS

- Software and Information Technology Association of Kansas
  - Founded by KTEC in 2008
  - State-wide information technology trade association similar to Kansas Bio
- 2,182 information technology companies in Kansas/54,000 jobs
- Mission: Educate, provide leveraging opportunities between companies, speak as unified voice on issues impacting industry, connects private/public sectors
- Issues: Talent recruitment, capital formation, technical training costs, entrepreneurial assistance

**Ensuring Kansas' Prosperity through Technology**





1-19

## Kansas Bioscience Organization (KansasBio)

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

**Ensuring Kansas' Prosperity through Technology**



1-20

## KTEC PIPELINE

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

**Ensuring Kansas' Prosperity through Technology**





# KTEC PIPELINE Innovators Receive

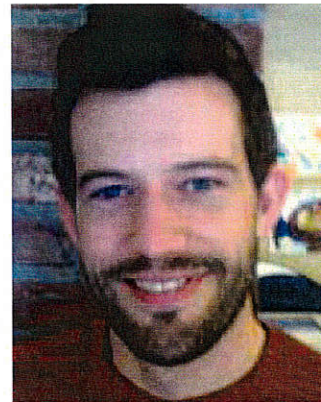
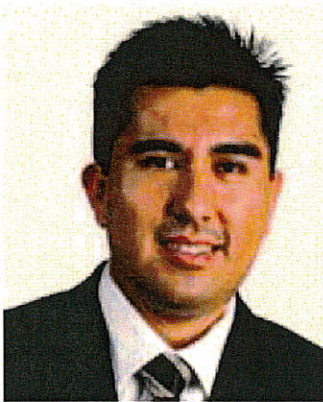
- Best-in-class training in fundamentals of technology entrepreneurship.
- Three-day formal learning sessions each quarter. Innovators will receive cutting-edge education, skill building and networking.
- Access to mentors from technology businesses in or with strong ties to Kansas.
- One-year stipend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





1-22

# 2008 PIPELINE Innovators



**Ensuring Kansas' Prosperity through Technology**





# Come Home to Kansas Initiative

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



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

Come Home To  
**KANSAS**  
We will help you grow. [www.ComeHomeToKansas.com](http://www.ComeHomeToKansas.com)

**Ensuring Kansas' Prosperity through Technology**





1.24

# Capital Formation

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



# KTEC National Recognition

- The State Science and Technology Institute (SSTI) selected KTEC to host its national conference in Overland Park, October 2009
  - Administration's proposed elimination of KTEC will have happened by conference date
- National Institute of Health (NIH) and National Science Foundation (NSF) have both recognized KTEC PIEPLINE as innovative in people development for technology-based economic development programs
- National Business Incubation Association (NBIA) selected Enterprise Center of Johnson County (a KTEC business assistance incubator) to host its host of its national conference in Kansas City, April 2009

**Ensuring Kansas' Prosperity through Technology**





1-26

## FY 2008 Results

- **\$207.26 million** increased sales
- **933 jobs** created or retained
- **\$100.64 million** - Federal funds leveraged
- **\$46.17 million** - private investment leveraged



1-27

# KTEC Cumulative Results

- **\$1.95 billion** in increased sales
- **16,700 jobs** created or retained
- **\$642 million** - federal funds leveraged
- **\$456 million** - private investment leveraged





1-28

# FY09 Budget Summary

- For FY09, the Governor recommends cutting \$1.38 million and specifies which areas to cut. These cuts are impossible to make since the vast majority of funds are committed for the current fiscal year.
- On December 7, 2008 the KTEC Board of Directors strategically allocated \$374,000 in cuts across programs in anticipation of a 3% overall reduction. KTEC requests that it be allowed to retain its statutory authority to allocate any additional cuts across programs in both FY09 and FY10.

<u><i>FY09 recommendations</i></u>	<u><i>Governor</i></u>	<u><i>KTEC Board (December revision)</i></u>
Approved budget	\$12,471,442	\$12,471,442
Reduction	<u>(1,387,566)</u> 11.1% reduction	<u>(374,143)</u> 3.0% reduction
	<b>\$11,083,876</b>	<b>\$12,097,299</b>

(approved budget includes carryover of \$439,184 from FY08)

**Ensuring Kansas' Prosperity through Technology**



1-29

Thank You.

For more information about visit:

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

p. 785-296-5272

**Ensuring Kansas' Prosperity through Technology**



**Ensuring Kansas' Prosperity through Technology**

KTEC specializes in supporting technology-based economic growth – and has a strong track-record of generating higher paying technology-oriented jobs -- which is just what the Kansas economy now needs. During these challenging economic times KTEC provides innovation and a focus on technology to grow the state out of its economic downturn.

KTEC is recognized as a leader in the field of technology-based economic development. KTEC's demonstrated success has attracted the **State Science and Technology Institute's (SSTI) national conference** to Kansas in October 2009. KTEC has a high level of credibility with entrepreneurs, business leaders, university administration and private investors throughout Kansas.

There is concrete evidence that KTEC's efforts are improving the entrepreneurial climate in Kansas, which **ranked 8th in the nation for "Gazelle Jobs"** - according to the 2008 State New Economy Index. Rapid growth "Gazelle" companies account for 80% of new jobs created nationally.

The New Economy Index also ranked **Kansas a "Top Mover" in "Fastest Growing Firms."** Through our direct equity investments and business assistance, KTEC has helped Kansas experience a large increase in the number of "fast growing firms" (i.e. those with growth exceeding 200% over 4 years). These firms provide a strong base for the state's current and future growth.

KTEC understands the entrepreneurial culture and is recognized as a premier supporter of entrepreneurial programs through the KTEC PIPELINE and through our hands-on business assistance incubators. KTEC's results speak for themselves. In fiscal year **2008 alone**, KTEC was responsible for:

- \$101M of additional federal investment
- \$46M of private equity investment
- \$207M of increased sales
- Creation and retention of 933 jobs

With the current faltering state economy, KTEC understands the need for cutbacks in every state supported organization or department. That being said, elimination of programs that have specifically proven to grow the economy should be considered a major blow to the future prosperity of our state.

**KTEC FY09 Budget Summary**

For FY09, the Governor recommends cutting \$1.38 million and specifies which areas to cut. These cuts are impossible to make since the vast majority of funds are committed for the current fiscal year.

On December 7, 2008 the KTEC Board of Directors strategically allocated \$374,000 in cuts across programs in anticipation of a 3% overall reduction. KTEC requests that it be allowed to retain its statutory authority to allocate any additional cuts across programs in both FY09 and FY10.

<u>FY09 recommendations</u>	<u>Governor</u>	<u>KTEC Board (December revision)</u>
Approved budget	\$12,471,442	\$12,471,442
Reduction	<u>(1,387,566)</u> 11.1% reduction	<u>(374,143)</u> 3.0% reduction
	\$11,083,876	\$12,097,299

(approved budget includes carryover of \$439,184 from FY08)