

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:15 a.m. on March 16, 2004 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Susan Kanarr, Legislative Research
Helen Pedigo, Revisor of Statutes
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:

Bill P. Duncan, Ph.D., President, Kansas City Area Life Sciences Institute
Dr. Tom W. Bryant, President, Pittsburg State University
Nelson Mann, Chairman-elect, Greater Kansas City Area Chamber of Commerce
Trudy Aron, Kansas AIA
Scott Heidner, Kansas Consulting Engineers
Kathy Ostrowski, Kansans for Life

Others attending:

See Attached List.

Chairperson Brownlee continued the hearing on:

Sub HB 2647– An act concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding

The committee received a fiscal note on the bill. ([Attachment 1](#))

Dr. Duncan presented testimony in favor of the bill. ([Attachment 2](#))

Dr. Bryant presented testimony in support of the bill. ([Attachment 3](#)) Dr. Bryant spoke about Pittsburg State University being the world leader in bio-based materials research and said the bill had several features of potential importance to work at Pittsburg State. He also included testimony given by Cargill to the House Committee on Economic Development. ([Attachment 4](#))

Chairperson Brownlee stated that she had really enjoyed her past visit to Pittsburg State through Leadership Kansas. In response to a question from the Chair, Dr. Bryant clarified that a “research institution” is a formal designation, and that it does not apply to Pittsburg State.

Mr. Mann presented testimony in favor of the bill. ([Attachment 5](#)) He stated that in the context of commercialization, the state would need incubators that are viable and good, similar to the kind that KTEC can bring to businesses. He concluded by saying that Kansas would need early stage capital for development and eventual marketing of new products; if we do not, production will go elsewhere.

Senator Kerr stated that regarding early stage risk capital, for the past 19 years he has been in the Legislature, we have recognized the problem. He stated that the wealth we see in Johnson county is amazing, but he wondered why has that not gotten organized, despite past efforts. Mr. Mann stated that the private sector has largely not stepped up nor had the tools. He stated that when the information technology bubble burst, investors pulled back. On the Missouri side of state line, investors are not taking advantage of legislation in that state regarding capital pools, and there has even been a full realization that this has to be addressed. He stated that now, more Angel networks and angel investors were forming to identify development, and a number of people with substantial wealth are focused on dealing with this. Senator Kerr stated that the Legislature keeps creating vehicles to make that happen; he hopes this bill is finally the right vehicle because this remains the state’s biggest deficiency.

Mr. Mann complimented the Legislature on venture cap bills and others and stated that they were being under- utilized. Senator Kerr stated that this was considered a major problem back in 1985.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMERCE COMMITTEE at 8:30 a.m. on March 16, 2004 in Room 123-S of the Capitol.

Ms. Aron gave testimony in opposition to the bill. (Attachment 6) She stated that while the AIA supports the bill, they oppose the exemption of Kansas statutes that relate to the design of facilities and those affecting the responsibilities of facilities management and the Office of Architecture.

Mr. Heidner presented testimony in opposition to the bill. (Attachment 7) He stated that his concerns apply to sections 16 and 17. He stated that the state statutes mirror federal laws, and the more complex the buildings, the more important that we have qualified individuals designing them. He stated that they would like to see these projects follow the state law as written, but would also be open to a compromise similar to the Regents Institutions' language.

Senator Jordan stated that the language in the bill mirrors the Hospital Authority language. Ms. Aron stated that a lot of hospitals are under federal regulations. Following discussion, Chairperson Brownlee stated that it would add an extra layer of bureaucracy and expense to require review by the architects office, and that seemed unnecessary considering the other checks and balances that exist in getting a building built. Senator Barone pointed out that the allusions to the Regents research institutions' language is something that exists in present law and seems to be working well for them, so it might be helpful to see a side by side comparison. Mr. Heidner concurred and said that he also heard that is working well from an engineering perspective.

Senator Emler asked what the federal review requirements are. Senator Jordan replied that it had been several years since the Legislature had dealt with the hospital authority, but they were comfortable with federal regulations then; the goal was to try and get out from under large fees and use that money for other things.

Ms. Ostrowski presented testimony in opposition to the bill. (Attachment 8) She stated that while Kansans for Life does not take an official position on State economic incentive programs, they do have a strong position on the sanctity and dignity of life, which is pertinent to the definitions of "bioscience, biotechnology and life sciences" in **HB 2647**. She stated that "KFL would advocate the bill include complete state-wide bans on cloning and destructive ESC (embryonic) research applying to all citizens and entities."

Senator Wagle asked what kind of restriction was currently in the bill. Chairperson Brownlee referred to p. 4, lines 18-21.

Chairperson Brownlee closed the hearing on **Sub HB 2647**.

Senator Barone referred the committee to information provided by Dr. Edge regarding the number of employees presently engaged with bioscience research. (Attachment 9) He stated that it showed undergraduate student assistants and classified employees as taking part, however. Dr. Edge stated that the request placed to the Universities was to use an economic model to look at all jobs that were involved in bioscience in any way shape or form that would be comparable to a private organization.

Following further discussion, Senator Steineger referred to the testimony of Dr. Bryant and asked if it was necessary to be that specific on which universities can compete for funds. Mr. Taylor stated that there was no reason to delineate, and that they could all compete for funds.

Senator Steineger also questioned if the bill contained a Johnson county mandate for the headquarters location; he favored allowing the Authority to choose where they would like to go. Mr. Taylor stated that, as Senator Steineger knew, that would be the county contributing the most dollars to the project, and, in response to another question from Senator Barone, Mr. Taylor clarified that most of this money would come from withholding. Chairperson Brownlee recommended the committee look at the fiscal note for the bill.

Written testimony in support of the bill was submitted by Blake Schreck, Lenexa Chamber of Commerce, (Attachment 10) Doug Wareham, Sr. V.P., KS Agribusiness Retailers Association, (Attachment 11) Harry Watts, Kansas Farm Bureau, (Attachment 12) and Wes Ashton, Director Govt. Relations, Overland Park Chamber. (Attachment 13)

Chairperson Brownlee adjourned the meeting at 9:30 a.m. The next meeting will be at 8:30 a.m. on March 17, 2004 in Room 123-S of the Capitol.