

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on January 26, 2005 in Room 241-N of the Capitol.

All committee members were present

Committee staff present: Jerry Ann Donaldson, Kansas Legislative Research Department
Renae Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee: Howard Fricke, Secretary, Kansas Department of Commerce

Chairman Dahl thanked Howard Fricke, Secretary, Kansas Department of Commerce, for coming before the Committee to give an update on the activities of the Department.

Secretary Fricke gave an overview of the agency's activities, stating the mission was to empower businesses and communities through bold leadership using strategic resources to realize prosperity in Kansas. The strategic priorities are: 1. Biosciences; 2. Business Recruitment & Retention; 3. Enhanced State Image; 4. Entrepreneurship; 5. Rural Development and 6. Workforce Development (Kansas 1st).

Commerce EDIF programs created or retained 67,800 jobs from 2001 to 2004, which equates to 16,950 jobs per year. There has been an expanded payroll in Kansas by \$1.1 billion over the last four years (worth more than \$290 million annually). \$2.8 billion in capital investment was generated which equates to \$705 million each year. Workforce development incentives funded by EDIF help train 11,400 workers annually (between 2001 and 2004). Tourism visitation increased by 1.3 million people between 2001 and 2004 (average of 335,000 visitors per year). Over 300 cities per year have been helped to strengthen their downtown districts and complete major community improvement projects.

Commerce received \$19.2 million from EDIF funds in FY 2005.

Commerce experienced major restructuring of the agency as a result of ERO 31. To support the increase, staffing has increased from 108 FTE's to 390 FTE's and field operations have increased from 5 offices to 30 offices. Efforts are underway to find more efficient ways to deliver services through this larger organization.

Downtown redevelopment is encouraged in rural and distressed urban communities. The governing body of a city or a county, proposing to establish a redevelopment area, applies to the Department of Commerce to put this tool into action. Individuals and small businesses receive a rebate over a 10-year period for property taxes collected on properties that have undergone improvements. The community has to put out real hard dollars and have a plan.

Approximately \$1.7 million has been assembled by Commerce to fund an enhanced Brand Image Campaign. This is a state campaign, not the Governor's campaign, supported by local and regional partners.

Nearly \$50 million in tax credits will be available over the next ten years to help grow existing and start-up companies that create new, high-quality jobs and expand our tax base.

The Kansas 1st: A modernization of Workforce Development is a once-in-a-generation restructuring of training programs to create a seamless, market-driven system that is fully integrated and maximizes state resources. Commerce is working closely with the Board of Regents, Local Workforce Investment boards, and other interested parties to create this new system. Employers are being contacted to see what job skills are needed. A major change is to work with the junior colleges and vocational schools to have a curriculum that fits the job market. This is a cultural change that will develop long term jobs. State and federal workforce training programs merged within Commerce to create a seamless, market-driven system that provides \$62 million (mostly federal dollars) in annual resources to job seekers and employers.

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on January 26, 2005 in Room 241-N of the Capitol.

There are five projects designated as eligible projects for Star Bonds. Two of the projects have contingent approval (Attachment 1).

The meeting adjourned at 10:30 a.m. and the next meeting will be January 27, 2005.