

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 31, 2003 in Room 123-S of the Capitol.

All members were present except: Senator Jim Barone, excused
Senator Pete Brungardt, absent

Committee staff present: April Holman, Legislative Research
Deb Hollon, Legislative Research
Mitch Rice, Revisor of Statutes
Jodie Anspaugh, Secretary

Conferees appearing before the committee: Don Macke, Center for Rural Entrepreneurship

Others attending: See attached list.

Mike Murray, Director of Governmental Affairs for Sprint, requested that the committee introduce a bill on wireless enhanced 911, on behalf of the wireless industry, including Sprint PCS, Verizon, Cingular, Western Wireless, AT&T Wireless, and Alltel. Sen. Steineger moved to introduce the bill, Sen. Emler seconded. The motion carried.

Chairperson Brownlee introduced Don Macke, of the Center for Rural Entrepreneurship. Mr. Macke gave a powerpoint presentation on entrepreneurship in rural America (Attachment 1) and distributed four articles on rural entrepreneurship (Attachments 2, 3, 4, and 5) and a booklet titled, "Building Entrepreneurial Networks," available from the National Commission of Entrepreneurship in Washington, DC.

The Center for Rural Entrepreneurship in an initiative of Rural Policy Research Institute and the Ewing Marion Kauffman Foundation. Mr. Macke explained why entrepreneurship is important, who are entrepreneurs, and how state policy can increase entrepreneurial talent. Much research has been done on entrepreneurs, but it has not been done with a rural perspective. The Center has done research in 22 states on rural entrepreneurship. Mr. Macke shared the results of his research and his recommendations for state policy based on his research.

Most rural communities do not have an economic development strategy; those that do are limited. Opportunity for industrial attraction has declined. Many communities are now focusing on small business, and supporting entrepreneurs within small communities.

Mr. Macke presented the findings of the Global Entrepreneurship Monitor Report from the year 2000:

- The level of entrepreneurial activity explains 70 percent of the difference in economic growth

CONTINUATION SHEET

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among nations.

- All nations with high levels of entrepreneurial activity have above average rates of economic growth.
- Only a few nations that have above average rates of economic growth have low levels of entrepreneurship.

Mr. Macke presented the findings of the National Commission on Entrepreneurship:

- High-growth companies are truly extraordinary in the economy; fewer than one in twenty U.S. businesses achieve high-growth rates.
- High-growth companies are found in all regions of the country, often concentrated in the most surprising areas.
- Most fast-growing, entrepreneurial companies are not in “high-tech” industries.
- Most regions’ high-growth companies concentrate in certain specific industry sectors.

Mr. Macke believes that growth-oriented entrepreneurs are critical to regional economic competitiveness, and many rural regions are now struggling because they have limited entrepreneurial energy. Rural communities must be willing to cooperate, to build regional cooperatives. Though research shows that entrepreneurial talent is less in rural areas, it is present. Mr. Macke recommends investing in the group of people that are aspiring entrepreneurs, such as someone frustrated with their job who wants to start a new business.

Some rural assistance programs are failing because they offer general instead of specific assistance, they are unsure who their market is, and they have inadequate capitalization. Programs that work are multi-community, have an entrepreneurial focus, a local resource network, and are performance driven, among other qualities.

Valley County, Nebraska, is a community the Center for Rural Entrepreneurship is working with. The community had its population peak in 1910, has little industry, but has 15-20 individuals with entrepreneurial talent. They hope to reverse their current demographic decline in ten years.

In considering policy changes, states should focus on a small pool on entrepreneurs. Their success often motivates those who are potential entrepreneurs. A regional approach is best. People must overcome “turf battles” between communities.

Mr. Macke answered questions about his presentation, discussing what is needed to develop strong community leadership.

Chairperson Brownlee mentioned that this issue will be put into a subcommittee.

The meeting was adjourned at 9:30 a.m.

The next meeting is scheduled for February 4, 2003 at 8:30 a.m.