

MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on March 06, 2002 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Norman Furse, Revisor of Statutes  
Sherman Parks, Revisor of Statutes  
April Holman, Legislative Research  
Debra Hollon, Legislative Research  
Lea Gerard, Committee Secretary

Conferees appearing before the committee: Debra Hollon, Legislative Research  
Lt. Governor Sherrer  
Kevin Carr, Vice President, KTEC Board

Others attending: See attached list.

In accordance with KSA 75-3715a, the fiscal note for **SB 615** was submitted to committee members.

Debra Hollon, Legislative Research briefed the committee **SB 615** as introduced will repeal the governing statutes for Kansas Inc. effectively abolishing the agency and transferring its duties and responsibilities to the Department of Commerce & Housing. The bill would also create an advisory board within the Department of Commerce & Housing. The fiscal note on the original bill indicates there will be a reduction of \$194,500. in expenditures from the EDIF each year. The potential changes for **SB 615** will leave Kansas Inc. as a separate agency but under KDOC and would amend the statutes so the President of KTEC and the President of Kansas Inc. would be appointed by and serve at the pleasure of the Secretary of Commerce & Housing rather than the respective boards. The bill would change the dates on which the three agencies annual reports are due. Kansas Inc. and KTEC would submit reports to the Department of Commerce & Housing by September 15 and KDOC would incorporate all the reports into its annual report which is submitted to the Senate Commerce Committee, House New Economy and the Joint Committee on Economic Development by November 15. The effective date of the substitute bill will be January, 2003 to coincide with the new administration.

Chairperson Brownlee explained this is a topic that we have heard about and have discussed some last year. The strategic report commissioned by Kansas Inc also addressed the increased need for coordination. The intention of this bill is to consider and debate the topic in the Senate Commerce Committee.

Senator Barone explained that he has requested this bill ever since the Governor's Vision 21<sup>st</sup> Century Task Force. The task force was made up of citizens who volunteered their time to make the recommendations. When we ask people to do this type of work we owe them the consideration to review their ideas and make improvements.

Informational Hearings on **SB 615**—Reorganization of Economic Development:

Lt. Governor Sherrer testified in support of **SB 615** stating that he supports the concepts of the bill. The bill addresses a critical need in Kansas economic development and that is a need for greater unity and purpose, policy and implementation of programs that are enacted and funded by the State of Kansas. In the Governor's Vision 21<sup>st</sup> Century Task this was one of the primary recommendations to better coordinate and direct activities. By statute, Kansas Inc. is an independent entity and their direction comes from their boards and they follow the direction and policies set by those boards. The problem is about structure and not about people. A decision must be made whether the state is better off with three independent agencies all driven with the same overall vision or better coordination. The purpose of **SB 615** is better use of state dollars, efficient and effective economic development with more accountability.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON COMMERCE at on March 06, 2002 in Room 123-S of the Capitol.

The committee asked Lt. Governor Sherrer should strategic planning for economic development be done by the Governor and his cabinet, citizen input and cabinet people or is there some better structure that actually results in a strategic plan for economic development; or the alternative, is there really a need for strategic planning? Lt. Governor Sherrer stated there is a need for strategic planning to give direction. If strategic planning is done by a separate academic consulting setting and another separate entity has the responsibility to administer the plan there is no real support or connect. The group ultimately responsible for administering the program cannot be effective with total disconnect of structure and authority.

Kevin Carr, Vice President for Commercialization, KTEC, testified in opposition to **SB 615** (Attachment 1). The bill would reduce the overall effectiveness of KTEC's program. The current structure affords the opportunity to make the economic development effort work and is incumbent upon all those in the process to take advantage of the opportunity. KTEC's effectiveness is greatly enhanced by it's arms-length relationship with state government. KTEC is a catalyst among academia, government and the private companies in matters with entrepreneur investors. The current economic development structure has worked well and KTEC has been a valuable resource with results.

Richard Cram, Department of Revenue, submitted amendments to Section 7 of **SB 615** (Attachment 2).

Jim Edwards, Kansas Chamber of Commerce and Industry, submitted testimony in response to the findings of the Post Audit Report of January 2001 dealing with the financing and functioning of current economic development programs in Kansas (Attachment 3).

Meeting adjourned at 9:30 a.m.

The next meeting is scheduled for March 07, 2002 at 8:15 a.m.