

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 23, 2006 in Room 241-N of the Capitol.

All members were present except:

Broderick Henderson- excused
Delia Garcia- excused
L. Candy Ruff- excused
Mike Burgess- excused
Mike Kiegerl- excused
Patricia Kilpatrick- excused
Scott Schwab- excused
Stephanie Sharp- excused
Terrie Huntington- excused
Ty Masterson- excused

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Renaë Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:

Howard Fricke, Secretary, Department of Commerce

Others attending:

See attached list.

The Chairman apologized that the President didn't clear his schedule with him and therefore one-half of the committee was in Manhattan.

The Chairman stated it is our privilege to have Secretary Fricke from the Department of Commerce brief the committee on the activities of the agency.

Secretary Fricke stated Kansas has experienced 20 straight months of job growth. More Kansans are working today than at any other point in our history. In the past year the Department of Commerce has been involved with projects such as Capital One which is bringing 750 new jobs to Kansas; Farmers Insurance Group is expanding its 280 person facility and adding 480 new jobs; InfoNxx is bringing 940 new jobs and making a capital investment of \$16 million in Wichita. The Department has also participated in retention projects such as Applebee's and Sprint Aerosystems to ensure that Kansas companies remain in Kansas and employing Kansans.

The Department is comprised of five programmatic divisions, The Kansas Commission on Disability Concerns and operational support.

Total budgeted expenditures in fiscal year 2006 exceed \$107 million. The largest division is the Business Development Division which includes the Kansas 1st workforce development initiative's \$63 million.

The vast majority of Commerce expenditures are passed through to communities and businesses in the form of loans or grants; or to other agencies such as the Center for Entrepreneurship, the Small Business Development Centers or Certified Development Companies.

In FY 2007, the Governor does recommend some additional SGF for special initiatives; not for operational support of the Department. The total recommended expenditures of \$110.4 million, including \$5.2 million SGF and \$15.9 million EDIF. The major changes are: (1) energy grants and loans - \$4 million administered by the Kansas Housing Resources Corporation, (2) \$225,000 for continuation of BRAC efforts and (3) \$1.25 million for after school grants.

Business development is a major activity of all of our divisions. Commerce was involved in twenty-seven

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successful business locations, expansions, and retentions, encompassing more than \$358 million in capital investment and 5,533 jobs over the past year. Commerce worked closely with other organizations to modernize Workforce Development through Kansas 1st. The agency has provided significant financial support to the emerging biofuels industry from the Ag, Community Development and Business Development Divisions including loans for feasibility studies, business plans, equity drives, infrastructure improvements and job training.

International business and trade are a vital component of the Kansas economy. Commerce has worked to promote agritourism within the state, and there are now 173 registered operators in Kansas. One of the results of this effort has been a resurgence of the wine and grape industry. There are 13 native wineries producing more than 50,000 gallons of wine, totaling nearly \$1.2 million in sales (See Attachment 1).

Representative Grant requested BRAC information which will be sent to the Chairman.

The meeting adjourned at 9:35 a.m. and the next meeting will be January 24, 2006.