

CONTINUATION SHEET

Chairman Harrington then thanked Mr. Sherrer, complimented his presentation, and reminded the committee that they would begin hearings on reauthorization of the lottery the following day. Chairman Harrington went on to explain that the committee could reauthorize or not reauthorize, but that it did not have an appropriations ability.

Chairman Harrington then asked for questions and recognized Senator Gooch.

In response to Senator Gooch's question, Mr. Sherrer explained that the lottery had helped TeleTech, a local business, by financially supporting the training of people with limited skills but talent and by giving the company money to convert an old building into an office building for their business. He went on to explain that he felt that the investment of about seven-hundred and fifty thousand dollars was reasonable because the company employed 790 people with good wages and benefits. He also stated that the Department of Commerce and Housing did a cost effectiveness analysis for five years on any company in which they invested resources to be sure that they were continuing as a good investment, and this performance insured that the money which the business received was considered a forgivable loan by the government. He stated that if the business had not continued at a desirable level, they would have to pay back the money. He stated that some companies would still settle in Kansas without these funds, but many would not.

Senator Gooch stated that he felt the state of Kansas was in effect playing the lottery with the lottery, but Mr. Sherrer said that he felt that the odds of success were much better with this type of investment.

In response to another question from Senator Gooch, Mr. Sherrer stated that federal funds were very restricted and that as a result, without the existence of EDIF money, many of the programs which he had spoken about would not be possible. Mr. Sherrer also stated that in the majority of projects, the business used local workers so that even if the businesses eventually left, the workers still had the training to help them in the future.

Senator Gooch stated that he was concerned for people who spent a great deal of money playing the lottery and that he would like to see a sizeable amount of that money earmarked and used to assist people who have a lower income.

Mr. Sherrer responded that he believed that the money did address those people by creating jobs with benefits and training for the employees, but that if there was more money, they could do even more.

In response to a question from Senator Barnett, Mr. Sherrer explained that the lottery money did allow the development of these programs and that they are now one-hundred per cent dependent on that money to survive, although he had thought about what point economic development would have to stand alone. He stated that EDIF funds had been misused in the past. He also stated that these programs should not be killed because the returns on them had been so clear. He further stated that he was at a point where he could see that economic development might have to be treated like everything else and made to do what it can on its own, but that he thought that if the state neglected it, that would be to the state's own disadvantage.

Senator Lyon stated that he was also interested in addressing the EDIF standing on its own.

Senator Teichman stated that she wanted clarification by Mr. Sherrer if his department wanted not only lottery money, but also state general fund money. Mr. Sherrer said that the Department receives no State Federal Fund money.

Mr. Sherrer stated that he believed eliminating \$60 million would be a great shock to the state's system.

Senator Gooch stated again that he was still concerned about the money that he felt ought to go to the poor.

Chairman Harrington thanked Mr. Sherrer and reminded the committee that they would be discussing **SB 22** on Wednesday, and concluding **SB 22** and discussing **SB 32** on Thursday, in addition to bill introductions both days.

The meeting adjourned at 11:37 a.m.

The next scheduled meeting will be at 10:30 a.m. on January 24, 2001.