

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Vice Chairman Lana Gordon at 3:30 p.m. on January 22, 2004, in Room 526-S of the Capitol.

All members were present except:

Representative Sydney Carlin- excused

Committee staff present:

Kathie Sparks, Office of Legislative Research
Susan Kannarr, Office of Legislative Research
Rena Jefferies, Office of Revisor of Statutes
Helen Pedigo, Office of Revisor of Statutes
Fulva Seufert, Secretary

Conferees appearing before the committee:

S. Lewis Ebert, President and CEO, Kansas Chamber
of Commerce & Industry
Representative Kenny Wilk
Senator Nick Jordan

Others attending:

See Attached List.

Vice Chairman Lana Gordon opened the meeting on Thursday, January 22, 2004, at 3:30 p.m. The Vice Chair welcomed S. Lewis Ebert, President and CEO, Kansas Chamber of Commerce & Industry, who briefed the committee on the Business Competitive Index.

Mr. Ebert pointed out the importance of a competitive state tax climate in order for Kansas to have a healthy business climate and prosperous economic growth. The Chamber's survey included the big picture of "two decades plus." He said that from the survey results, it was concluded that Kansas ranks in the middle of the pack. Kansas is considered to be an average state while some of its neighboring states are considered to be "above average." He said that for Kansas to grow its business climate, attention needs to be paid to the neighboring states as well as all the other states. His testimony included a table showing the summary of business climate studies and Kansas' ranking (Attachment 1.) Mr. Ebert said that this study will be done every year so that progress can be measured. He reported that from feedback, they believe 9 out of 10 Kansans believe this is a good idea.

During questioning, Rep. Huntington thanked Mr. Ebert and commented that constituents look at a state like North Carolina which has ranked No. 1 three years in a row and has accomplished phasing out income tax as a wake up call for Kansas. The committee members asked questions concerning the skilled workforce in Kansas and health care issues, and Mr. Ebert said that health care issues are probably the most complex which more than 30 organizations have been studying.

Vice Chair Gordon thanked Mr. Ebert for his time and excellent presentation, and welcomed Rep. Kenny Wilk and Senator Jordan who presented a briefing on the Economic Growth Act. Rep. Wilk spoke first and said that many people had been working hard for the past six months, and they hoped to have all the components ready to introduce the week of January 26, 2004. He said the Economic Growth Act has some exciting components, and that its intent is not to steal from our neighbors but to grow the Kansas economy by making new discoveries. The three components - Intellectual property, capital, and leadership - are all necessary to make this happen. Rep. Wilk addressed the bio sciences component which encompasses all human, plant, and animal research. He described bio sciences as being to the economy today what computer technology was sixty years ago. He believes it is truly the next great economic wave across America. He pointed out the fact that legislators can look at where the federal government invests its research and development dollars today. About half of all the research money being spent is going to the bio sciences, and that bio sciences will soon make up 15 - 18% of the general economy. He referred to the billions being spent at the K.U. Medical Center, Wichita's Medical facility, Stowers Institute in K.C., Kauffman Foundation, and the plant and animal research at K-State in Manhattan. He commented that the Stowers Institute is of great value to Kansas, and compared it to Howard Hughes in Houston. Stowers has already recruited some of the best scientists in the world. Florida has passed a 300 million package for the Scripps Institute because Gov. Jeb Bush has said it is as important to Florida as Disney or NASA. Rep. Wilk also spoke to the following specifics:

CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 3:30 p.m. on January 22, 2004 in Room 526-S of the Capitol.

- New Research Authority for reaching responsibility and accountability
- Funding - Emerging Industry Investment Act

Senator Jordan next addressed the members and said that it was an honor to stand before the committee. He said one might refer to him as the dog and to Rep. Wilk as the pony. He specifically spoke about the entrepreneur part of the plan. He said that entrepreneurs make up about 67% of new jobs which makes it of primary importance. The goal is to have a one stop resource for entrepreneurs where they can find all the information and assistance they need. The Kansas Center for Entrepreneurs would have experts to assist in every resource with people trained to walk an entrepreneur through the whole process. He suggested that Wichita State is a definite possibility for expansion and that this Center would report all policies, programs, rules, and regulations yearly to the Legislature which would provide the key for accountability and responsibility. He also mentioned that Pharmaceuticals with an "F" is the leading edge of a growing industry and that Kansas wants to be in on the ground floor. This involves designing protocols and procedures and contracting with farmers to grow high value crops. An added plus is that manufacturing plants usually locate near the crops. He talked about the grant fund known as Angel Investment Tax Credit. This would involve a broader group to help with startup seed money and would be attractive to private investors. Rep. Jordan said the state needs to find a way to make rural downtown buildings more affordable in order to transform them into viable businesses with qualified entrepreneurs. In other words, he said that Kansans must become visionaries.

During questioning, how Venture Capital fits into the Angel Investment plan was addressed, and Rep. Brunk expressed his excitement over the emerging components and the challenges for the 21st Century.

Rep. Jordan said, "If you want to predict the future, create it." Rep. Burroughs said he liked the fact that the measurable components were all under one umbrella and that there are goals and baselines to determine success. Representative Wilk commented that this legislation hopefully would enable entrepreneurs to do what they do to the best of their abilities.

Vice Chair Gordon thanked both Rep. Wilk and Senator Jordan for the exciting content of their presentations.

Rep. O'Malley made a motion to approve the minutes of the January 20, 2004, meeting. Rep. Boyer seconded. Motion passed.

The meeting adjourned at 4:55 p.m.