

MINUTES OF THE HOUSE NEW ECONOMY COMMITTEE.

The meeting was called to order by Chairman Mason at 3:35 p.m. on March 7, 2002 in Room 522-S of the Capitol.

All members were present except:

- Representative Long - E
- Representative Novascone - E
- Representative Winn - E
- Representative Welshimer - E

Committee staff present:

- April Holman, Legislative Research Department
- Deb Hollon, Legislative Research Department
- Renae Jefferies, Office of Revisor of Statutes
- Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list

Representative Compton moved, seconded by Representative Beggs that the February 21 and 26 minutes be approved. The motion carried.

The Chairman called attention to a letter from Representative Wilks requesting that the New Economy Committee conduct an in-depth policy study of the structure and organization of economic development in Kansas (Attachment 1). He referred to actions taken by the Joint Committee on New Economy during the interim session and asked staff to review details of those meetings.

Staff briefed the Committee on the broad topic of the Kansas Strategic Plan and possible restructuring of the State Economic Development Agencies (Attachment 2). A review followed including; recommendations from the Governor's Vision 21st Century Task Force (December 2000), findings from the Legislative Division of Post Audit, (January 2001), five policy recommendations from the strategic plan and the strategic initiatives of the Department of Commerce and Housing. Conclusions and Recommendations from the Committee included; a recommendation that funding for non-economic development items and the operating expenses of the economic development agencies be shifted over a three year time frame to other funding sources and that there be an increase in the statutory cap on receipts to the State Gaming Revenue Fund at a rate of at least \$2 million per year with the cap being completely removed at the end of three years.

The Chairman stated that there was no interest from the Committee for any of the previous plans presented, however they recommended that the coordination aspect (oversight of the three agencies) that was originally in the Kansas, Inc. Charter, be removed. He referred to a Senate bill that addresses the reorganization issue.

He stated that Chairman Wilks is looking for help from agencies in areas in which dollars could be held over for a year, using those much needed dollars in other areas of the budget. He explained that Mr. Ranson is away on a family emergency and has assured him that upon his return he will turn his attention to an evaluation process to assess ways of saving money.

Discussion followed regarding concern over the budget decreases already in place for the three economic development agencies. The Budget Sub-Committee for General Government were very explicit in their recommendation to the full appropriations committee that Kansas, Inc. remain a free standing institution. All agreed that the Appropriations Committee faced a grave challenge to find money for the upcoming year and whatever Committees could do to assist them in their efforts, without damaging overall operations, is an appropriate action.

Staffed reviewed a packet of budgetary items including: a FY 2003 budget summary sheet for the three Economic Development agencies, the detailed budget write-ups for those agencies and a breakdown on the EDIF funds listing the 2002 Legislative Approved Budget and the Governor's Recommendation for

CONTINUATION SHEET

2002 and 2003 (Attachment 3). A figure on the summary page, under Kansas, Inc. was changed from \$319,292 to \$375,000.

There was a Committee request for an information sheet detailing EDIF Resource Estimate and expenditure sheet. Staff agreed to provide that breakdown. Discussion followed regarding various expenditures from the fund.

The Chairman stated that the intent of the budget information was for their review and formulation of questions. They may be able to find dollars that, although not be taken out of the budget, may be held for a year, such as some existing grants.

The next meeting will be on Tuesday, March 12, 2002 at which they will hear SB 565.

The meeting adjourned at 4:30 p.m.