

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairperson Lana Gordon at 3:30 P.M. on March 8, 2005 in Room 526-S of the Capitol.

All members were present except:
Carl Krehbiel- excused

Committee staff present:
Kathie Sparks, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Renaë Jefferies, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:
Lew Ebert, CEO, Kansas Chamber of Commerce and Industry

Others attending:
See attached list.

A motion was made by Representative Novascone and seconded by Representative Treaster to approve the minutes of the February 15, 17, and 22 meetings. The minutes were approved.

Chairperson Gordon welcomed Lew Ebert, President and CEO of The Kansas Chamber of Commerce and Industry who gave a presentation pertaining to the Kansas Chamber and the Kansas economy.

The Kansas Chamber of Commerce and its members are working together to make Kansas the best state in America in which to conduct business. The Kansas Chamber's 2nd Annual Competitive Index ranks the state's performance in five major areas utilizing dozens of metrics that systematic measure numerous economic determinants.

- Education & Workforce
- business Costs & Productivity
- Government & Regulation
- Infrastructure & Quality of Life
- Dynamism & Entrepreneurism

Currently, five states including Kansas use this indicator to compare their competitive position when comparing themselves to surrounding states. Kansas scored high in the Education & Workforce category and low in the Dynamism & Entrepreneurism category.

In the area of business cost, Kansas scores a C. In the area of productivity, Kansas scored a D; having the 41st worst personal income growth in America. Kansas companies are not making the kind of investment needed to make a productive workforce.

Kansas scored a B in overall regulatory environment. The low grades in government efficiency draw the grade down. The largest sector of employment in Kansas are government employees at all levels. Government has no choice but to become more efficient and effective.

Dynamism & Entrepreneurism is an area Kansas needs to develop. A way needs to be found to make the Kansas economy more dynamic. Two areas Kansas needs to look at are: friendliness to small businesses and what does it take to make Kansas a leader among states and have a dynamic and entrepreneurial economy.

Education, regulator environment, physical infrastructure are strengths that have served Kansas well, but things like productivity, government efficiency, entrepreneur financing are real weakness that need attention. You don't get better improving on your strengths, you get better by improving on your weakness.

A public opinion poll conducted in November of 2004, indicated Kansans are more concerned about their jobs in 2004 than in 2003. It is believed the best way to spur the economy is to cut taxes, slow government

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spending, make health insurance more affordable and stop lawsuit abuses. Kansans believe that frivolous lawsuits are a leading cost driver for health care cost. Kansans prefer to address the problems of high costs instead of subsidizing the costs.

The key findings in a survey taken of business owners/operators in Kansas in November, 2004 were:

- Business leaders in Kansas are becoming optimistic about the economy in the state.
- Business taxes remain a top concern
- Instead of incentives or subsidies, business leaders would prefer addressing the actual cost of doing business (Attachment 1)

Mr. Ebert pointed out Kansas Voters and Business Owners share some of the same concerns.

- Managing health care costs
- Lower taxes on business
- Stop frivolous lawsuits/tort reform

Several of the Committee Members thanked Mr. Ebert for sharing the report with the committee.

An informative question and answer session followed the presentation.

The meeting adjourned at 5:10 p.m. The next meeting is scheduled for March 10, 2005.