

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on March 15, 2004 in Room 123-S of the Capitol.

All members were present except:

Senator David Kerr- excused
Senator Pete Brungardt- excused

Committee staff present:

Kathie Sparks, Legislative Research

Conferees appearing before the committee:

Dr. Julie Edge, Ph.D. , KTEC
Janice DeBauge, Chair, Kansas Board of Regents
Dr. Jim Guikema, Associate Vice Provost for Research and Associate Dean of the Graduate School, Kansas State University
Dr. Barbara Atkinson, Executive Dean and Vice Chancellor for Clinical Affairs, University of Kansas

Others attending:

See Attached List.

Chairperson Brownlee continued the hearing on:

Sub HB 2647—An act concerning bioscience; creating a Kansas bioscience authority and providing for the powers and duties thereof; providing for bioscience development and funding

Dr. Julie Edge, Ph.D. made a presentation to the committee entitled “Kansas Economic Growth Act” including descriptions of the goals of the bill and the “10-Year Bioscience Roadmap” ([Attachment 1](#)) In terms of research, the presentation stated that goals included recruiting eminent scholars and Kansas rising star scholars, creating state-of-the-art bioscience research laboratory facilities, increasing the amount of matching funds available from the state for federal grants, and encouraging research collaboration between industry and academia through a research and development voucher program. In terms of commercialization, the presentation stated that the focus would be on technology transfer, business assistance and acceleration, seed funding, and business attraction. Dr. Edge stated that this is an investment that would result in high quality jobs, reduced brain drain, healthier economy, and innovative products, all of which would result in a better overall quality of life. She stated that potential cumulative outcomes from the investment over the next 10 years, would be more than \$1 billion in research expenditures, more than 100 potential new start-up companies, more than 23,000 anticipated new bioscience jobs, and more than 20,000 projected new non-bioscience industry jobs as an indirect result.

Senator Barone asked if the terms eminent scholars and rising scholars were defined, and Dr. Edge stated that eminent scholar is a known term with parameters, and rising star is a new term.

The committee discussed the number and definition of staff involved in biosciences in Kansas. Senator Barone stated that this information would be important in order to know from where the state is starting. Tracy Taylor stated that unlike Missouri, Kansas does not include hospital staff in its estimates.

Dr. Edge stated that the long term game in the state would include benefits in the areas of human and animal health through improved medicines and gene therapies, and that the short term game would include plant science (food safety, higher yields, drought resistance, farm-a-ceuticals), industrial/environmental applications, and homeland security. Acts within the bill include the Bioscience Authority Act, the Emerging Industry Investment Act, Bioscience Development Financing Act, Bioscience Tax Investment Incentive Act, Bioscience Research and Development Voucher Program Act, and the Bioscience Research Matching Funds Act.

Senator Steineger asked about the use of eminent domain to obtain land for bioscience facilities. Dr. Edge stated that she believed the cities would still have this ability, but this was consistent with existing language

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for universities.

Senator Barone expressed interest in the definition of a bioscience corporation and the percentage of business that would need to be bioscience related to qualify. Dr. Edge stated that this would be defined according to SIC codes. Mr. Taylor stated that incremental growth would go toward bioscience if the majority of the company is bioscience related. Dr. Edge stated that while this was not exact, the bill was breaking ground by establishing a boundary-less TIF, and this seemed to be the best method currently.

The committee discussed funding and Mr. Taylor concluded that the primary component is withholding tax.

Senator Wagle asked if this bill would also raise the tide in our public schools through creating research and development projects that have effects in unmeasured ways. Dr. Edge stated that all boats rise together, and the added emphasis on science and technology should have a good effect, as she has seen in other states.

Chairperson Brownlee thanked Dr. Edge for the excellent overview.

Ms. DeBauge, presented testimony in favor of the bill. (Attachment 2) She stated that the bill not only fits the strengths of our system, but it addresses some of our weaknesses. In addition to the Regents Universities, she emphasized that community colleges that train support staff will also benefit. Concerning weaknesses, she stated that our most significant gaps in Kansas higher education is in research, and this bill directly addresses that need. She stated that another gap is in federal research dollars. She stated that they have two concerns with the bill: the need for a nurturing environment for attracting eminent scholars, and a desire to make the two non-voting members of the board voting members.

Dr. Guikema presented testimony in favor of the bill. (Attachment 3) He stated that he appreciated the chance to add his voice in support of the Kansas Economic Growth Act. Kansas State University has a presence in animal, plant, and homeland security, and this act will help assist the transfer of intellectual property from the laboratory into the Kansas workforce and economy. The committee discussed K-State's recent addition of a noted scholar on homeland security issues.

Dr. Atkinson presented testimony in favor of the bill. (Attachment 4) She stated that this bill is a way to build bioscience research at an opportune time for the state. She stated that this is a good investment and directed the committee's attention to a document about the economic impact, stating that for every dollar invested in a medical faculty, four dollars are brought in. She referred to the possibility of creating a cancer center in Kansas as one possibility, and emphasized that this bill would be very helpful in recruiting the scholars Kansas needs to create such things. She stated that we have the structure here to work in the state, and adding additional eminent and rising scholars would create a legacy for us all. Dr. Atkinson stated that she had a couple issues with the bill. She encouraged the committee to consider particular areas in which to get a critical mass of scholars, such as cancer research. She stated that it would also be important that scientists will be part of the authority board so that they might bring important concerns to the table. She stated that they were concerned about potential amendments to the bill and unintended restrictiveness that might result.

In response to a question from Chairperson Brownlee, Dr. Atkinson stated that currently the amendments from the House do not include language that protect nuclear transfer from somatic cells. She stated that stem cells can come from fertilized eggs, and the piece that needs to be restricted is the cloning of humans, not taking an adult fat cell that can be made into a stem cell that can then make cartilage. She stated that there are kinds of this work that need protections and other that do not. Senator Brownlee pointed out that according to the AMA website, somatic cell nuclear transfer is defined as human cloning.

The committee discussed the bill in further detail. Chairperson Brownlee adjourned the meeting at 9:30 a.m. The next meeting will be at 8:30 a.m. on March 16, 2004 in Room 123-S of the Capitol.