

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 3:30 p.m. on February 10, 2004, in Room 526-S of the Capitol.

All members were present.

Committee staff present:

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

Conferees appearing before the committee:

Representative Tom Sloan
Sam Campbell, Manager of New Oread Group, L.C., owner of West Lawrence Laboratories and the Lawrence, Life Sciences Center; Chairman and President of Criti Tech, Inc.
Ms. Janice DeBauge, Chair, Kansas Board of Regents
Dr. Clay Blair, Chair, Research Corporation Board
Barbara Atkinson, M.D., Executive Dean, School of Medicine and Vice Chancellor for Clinical Affairs
Dr. R. W. Trewyn, Kansas State University, Vice Provost for Research, Dean of the Graduate School, President of the KSU Research Foundation
Dr. Kim A. Wilcox, Dean, Liberal Arts and Sciences, University of Kansas
Dr. Zoran Petrovic, Research Director for the Kansas Polymer Research Center at Pittsburg State University
Jim Stoppert, Senior Director of Industrial Bioproducts Development for Cargill, Inc. (Written testimony read by Julie Edge, Ph. D., Inside Edge Solutions LLC)
Jesse Shaver, studying medicine and being a scientist, inventor, grant writer, student at Vanderbilt University School of Medicine, Nashville, Tennessee
Wes Ashton, Director of Government Relations, Overland Park Chamber of Commerce (written only due to time restraint)
Mr. Blake Schreck, President, Lenexa Chamber of Commerce

Others attending:

See Attached List.

Chairman Wilk opened the meeting of the House Economic Development committee Tuesday, February 10, 2004, at 3:30 p.m. in Room 526-S of the capitol. The Chair announced that the committee would have the hearing first on the following:

HB 2539 - Kansas development finance authority; authorizing bonds for research facilities

Chairman Wilk welcomed Representative Tom Sloan to the committee who spoke as a proponent for **HB 2539**. Representative Sloan told the members that attracting research facilities of all types is a priority for most legislators. He said this bill authorizes the Kansas Development Finance Authority (KDFA) to partner with businesses to secure funding for constructing and equipping research facilities. Rep. Sloan said **HB 2539** simply extends the partnership authorization to include private sector organizations which will provide a tool for recruiting corporate investment and job creation in Kansas. (Attachment 1)

Chairman Wilk thanked Rep. Sloan and welcomed Mr. Sam Campbell, Manager of New Oread Group, L.C. and owner of West Lawrence Laboratories and the Lawrence, Life Sciences Center, who spoke as a proponent for **HB 2539**. Mr. Campbell said he felt it was important to develop as many financing alternatives as possible for "research facilities." His testimony included an article entitled, "Next-Generation Lab Design," taken from *Building Design and Construction Magazine*, 9/03. He said that with the inclusion of "research facilities" under the Kansas Development Finance Authority Act, it would enable specialized companies to access bond financing which would provide a realistic and potentially superior alternative to conventional financing. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE at 3:30 p.m. on February 10, 2004, in Room 526-S of the Capitol.

Since there were no additional conferees, Chairman Wilk closed the Public Hearing on **HB 2539**. The Chair then reopened the Public Hearing on the following :

HB 2647 - Bioscience authority and development act

Chairman Wilk welcomed Janice DeBauge, Chair, Kansas Board of Regents, who spoke in support of the Bio-Science Initiative on behalf of the Board of Regents. Ms. DeBauge believes Kansas has a unique and unusually collaborative higher education culture. She specifically mentioned the excellent communication structures and the strong history of constructive problem-solving. However, she said Kansas does not have adequate research resources to ensure continued growth in the future because Kansas does not receive its fair share of research dollars. She praised the legislators for passing legislation last year that made possible issuing bonds for the three new research buildings at the Regents Institutions. She said this infrastructure investment will enable recruitment of additional research leaders. Ms. DeBauge encouraged the committee to thoroughly think through the authority structure to assess how it might function in relation to existing structures. A high priority for them is working with all partners and aligning the interests of the Board and the Bioscience Authority to ensure long-term collaboration, communication, and cooperation between the two entities. She stressed they hoped the bulk of the money generated by this Act would be directed to the Board of Regents institutions and said they were excited about the positive impact this initiative can have on the future of the quality of life in Kansas. ([Attachment 3](#))

Chairman Wilk thanked Ms. DeBauge and welcomed Dr. Clay Blair, Chair, Research Corporation Board, who briefed the committee and then said he had brought some guests who would present testimony. He first introduced Dr. Barbara Atkinson, Executive Dean, School of Medicine and Vice Chancellor for Clinical Affairs, Kansas City Medical Center, who said she applauded the intent of **HB 2647** which will mean so much to business and life science research in Kansas. Her testimony gave some history of the University of Kansas School of Medicine and informed that they have the only wet lab incubator in the Kansas City area. Dr. Atkinson spoke about recruiting eminent scholars and rising stars and the impact it will have on Kansas. She said the economic impact generated by the two medical school teaching hospital campuses in Kansas City and Wichita surpasses one billion and accounts for almost 10,000 jobs. A summary of a report from the American Association of Medical Colleges was included with her testimony. Dr. Atkinson gave several examples of the dollars involved along with the economic impact when these superstars are recruited. She talked about the pending recruitment of Dr. Roy Jensen from Vanderbilt University who will lead the new Kansas Masonic Cancer Research Institute. The \$15 million the Kansas Masons recently pledged will help them become a National Cancer Institute designated center and will make them eligible for millions of dollars from private and federal sources. This NCI designation will enable Kansas to have access to the latest research from all other NCI centers around the country. ([Attachment 4](#))

Dr. Clay Blair next introduced Dr. R. W. Trewyn, Kansas State University, Vice Provost for Research, Dean of the Graduate School and President of the KSU Research Foundation. Dr. Trewyn said that the Kansas Economic Growth Act “offers exceptional prospects for enhancing the economic future of all Kansans.” He said Kansas can succeed at bringing the “cream of the crop” to Kansas. Dr. David Franz has recently been hired to lead the National Agricultural Biosecurity Center at K-State. Dr. Franz is a world-renowned authority on public health and biodefense, and his hiring was done jointly with the Midwest Research Institute. Dr. Franz joins Army colleagues and experts, Drs. Jerry and Nancy Jaax. He reported that scientists at the universities with entrepreneurial interests launched the biotechnology revolution in California in the 1980's, and the eminent scholars and rising stars program can do the same thing in Kansas. ([Attachment 5](#))

Dr. Blair next introduced Dr. Kim A. Wilcox, Dean, Liberal Arts and Sciences, University of Kansas, who said that **HB 2647** was crucial to the state's future. His testimony showed a breakdown of the costs of recruiting the type of scientist that this program fosters. He used an actual example of one of the 30 life scientists that the College of Liberal Arts and Sciences has actually recruited in the past two years. He said this senior scientist example is consistent with the Eminent Scholars identified in the bill and commands a salary of \$55,000 to \$65,000 with start-up costs of \$300K to \$600K. ([Attachment 6](#))

The next conferee introduced by Dr. Blair was Dr. Zoran Petrovic, Research Director for the Kansas Polymer Research Center at Pittsburg State University. Dr. Petrovic said that the Kansas Polymer Research Center (KPRC) is part of Pittsburg State University's Business and Technology Institute. At the present, KPRC has 11 researchers, 17 research and 2 applications labs. He said that “access to the proposed Research and Development Voucher Program will give the bioscience industry more incentives to do research with KPRC.”

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This investment in commercialization will encourage companies like their partner Cargill to bring jobs to Kansas. ([Attachment 7](#))

Dr. Blair introduced Julie Edge, Ph.D., Inside Edge Solutions, LLC, who read the written testimony of Mr. Jim Stoppert, Senior Director of Industrial Bio products Development for Cargill, Incorporated. His testimony stated that Cargill, as an international marketer, processor, and distributor of agricultural, food, financial, and industrial products and services, is a global player in the bioscience industry. He said about 100,000 people are employed by Cargill in 60 countries, and about 4,000 jobs are located in Kansas. About 50 of these are at their Wichita-based soybean crushing plant. Cargill is partnering with the Kansas Polymer Research Center largely because of the research of Director, Dr. Zoran Petrovic and his team. He said Cargill is encouraged by the activity in Kansas to support the bioscience industry and the state's academic institutions. ([Attachment 8](#))

The last conferee Mr. Blair introduced was Jesse Shaver, medical and science student at Vanderbilt University School of Medicine in Nashville, Tennessee. Jesse Shaver said that was born near Hays, Kansas, and was educated at Ft. Hays State University. He said he was deeply indebted to Kansas for its tremendous investment in his public education, and he intends to pay it back with a productive career and a needed service. It was apparent that he misses Kansas and earnestly wants to return. Mr. Shaver's testimony gave a history of his accomplishments and aspirations. He has written an R21 grant to the NIH that brings over \$360,000 to Vanderbilt to fund research on his invention. Mr. Shaver also has a patent pending for an invention to prevent blindness from glaucoma through identifying the exact thickness of the cornea. He has found a company and is in the early stages of making his idea a reality. He said Kansas should take the doctor's advice and not be the last state to support the biosciences. Even though spending \$500 million to return Kansas to an economically vibrant and productive state is a big investment, he said he believes Kansas is ready. ([Attachment 9](#))

The Chairman thanked Dr. Blair for the outstanding testimonies and welcomed Mr. Wes Ashton, Director of Government Relations, Overland Park Chamber of Commerce, who yielded his time and submitted only written testimony. ([Attachment 10](#))

The Chair recognized Mr. Blake Schreck, President, Lenexa Chamber of Commerce, who said he strongly supports the concepts in **HB 2647**. Highlights of his testimony stated that the bioscience industry is already an important contributor to the Kansas economy. More than \$140 million in federal bioscience research and development funds have come to Kansas in the year 2000 which makes Kansas 30th among all states. In January, 2004, more than 20,000 Kansans held bioscience-related jobs at the more than 160 bioscience companies currently operating in Kansas. He said 33 of these are located in Lenexa. Mr. Schreck said, "Because it would allow all communities in Kansas the opportunity to pursue significant projects that would positively impact the state and improve the quality of life of its citizens, the Lenexa Chamber of Commerce strongly urges the committee to consider **HB 2647** favorable for passage." ([Attachment 11](#))

Chairman Wilk closed the Public Hearing of **HB 2647**.

Representative Hill made a motion to approve the minutes of the February 5, 2004, meeting, and Representative Boyer seconded. Motion passed.

The meeting adjourned at 5:45 p.m.