

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on January 19, 2006 in Room 123-S of the Capitol.

All members were present except:

Jim Barone- excused  
Susan Wagle- excused

Committee staff present:

Kathie Sparks, Kansas Legislative Research Department  
Helen Pedigo, Revisor of Statutes  
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Stan Ahlerich, Kansas, Inc.

Others attending:

See attached list.

Chairperson Brownlee stated that it has been exciting to see the turn around that Kansas, Inc. has made over the last 8 months. She introduced Stan Ahlerich, President of Kansas, Inc. to update the Committee on Kansas, Inc. Mr. Ahlerich stated that when they came before the Committee last, there was some question on what Kansas, Inc. was doing and what it was not doing. Mr. Ahlerich stated, over the past 8 months he has gained a better understanding of what the mission of Kansas, Inc. is. The mission is about the research, data, strategic planning and evaluations with the central idea being strategic planning. Mr. Ahlerich feels that Kansas, Inc. has gotten away from what the mission of Kansas, Inc. is and over the past few months the Board has been trying to get back on track.

Mr. Ahlerich referred the Committee to the *Kansas, Inc. Annual Report 2005*. (Copy on file in the office of the Kansas Senate Commerce Committee Secretary) Mr. Ahlerich reviewed the annual report with the Committee. He stated that during FY 2005 Kansas, Inc's staff produced reports on:

- Fiscal Year 2004 Grants and Loans Report
- County Economic Vitality and Distress 2003 Report Update
- Economic Development Legislation in Kansas
- Kansas, Inc. Fiscal Year 2004 Annual Report
- Industry Report: New Oil Refinery Possibilities in Kansas
- Industry Report: Kansas in the New Cotton Frontier
- Impacts on Kansas of President Bush's Proposed Fiscal Year 2006 Federal Budget
- Kansas Industry Concentration Imitative
- Indicators of the Kansas Economy (IKE): two versions
- A permanent Presence of the Film Industry in Kansas, The Sequel

He also stated that FY 2005 outsourced research on the following:

- Agriculture
- Consumer Confidence Survey
- Energy-Future Gen Project
- Health Care
- Kansas Productivity Study
- Business Climate Indexes
- The Impact of High-Speed Internet Access on Local Economic Growth

He highlighted on the *Kansas Productivity Study*, an initiative born out of the Administration's second round of Prosperity Summits; a study to qualify and understand the productivity of the Kansas workforce. The Center of Applied Economics at the University of Kansas completed

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research regarding productivity at the county, state, and regional level. Specifically, the study compared border counties with the four states surrounding Kansas.

Mr. Ahlerich stated that the 2006 research prospectus includes:

- Quantifying the Intra-State Tax Burden
- Understanding the Small Business Growth and Development Gaps and Synergies
- Study on the Aviation Industry and its Impact on the State Regions
- Understanding the “National Corporate Headquarters” Phenomena.  
A Question of Translocation, Retention, or Attraction
- Consumer Confidence Survey
- Baseline Study for the Strategic Plan of the Kansas Economy
- Post K-12 Education and Technical Training in Relation to the Business Community
- Economics of the Aging Population Base-Economics of the Minority/Immigrant Population

Base

Mr. Ahlerich referred the Committee to the Kansas Consumer Sentiment 2005 Report (This report is on file in the office of the Kansas Senate Commerce Committee Secretary) Mr. Ahlerich stated this study was done by the Docking Institute of Public Affairs at Fort Hays University. This survey was a statewide telephone survey of 1,200 adult Kansans from September 21, 2005 to November 8, 2005. The objective of the study was to determine consumer sentiment in Kansas, analyze sentiment by a number of socio-demographic indicators, determine spending by a number of socio-demographic indicators, examine the rating of the state government’s performance at helping the state economy and analyze the rating of state government performance by a number of socio-demographic indicators. He highlighted on the Rating of the State Government’s Performance stating that Kansans feel pretty good about the economy.

Mr. Ahlerich stated the Board of Kansas, Inc. is in the process of putting together a Strategic Planning Team Committee to better understand the Kansas Economy. This team will be made up of the best and the brightest across the state.

Next, Mr. Ahlerich referred the Committee to the *Indicators of the Kansas Economy (IKE)* (Copy of the IKE prepared by Kansas, Inc. 2005, on file in the office of the Kansas Senate Commerce Committee Secretary) and a copy of the *IKE Advisory Committee* and the *IKE Advisory Committee Meeting Attendees*. (Attachment 1) Mr. Ahlerich stated the IKE report is a relatively new initiative, a project with the goal of identifying critical variables that would explain the current condition of the state economy relative to the United States and states within a 6-State Region surrounding Kansas. The project concept is the result of a perceived need for a single source of objective and consistent information that allows public and private leadership, and all interested Kansans to better understand the economy and enhance decision-making capacity. To this point, working with a broad range of professional researchers, university professors, state program staff and the Kansas, Inc. Board of Directors, a set of 26 variables has been identified and reviewed for their comprehensiveness and ability to depict key elements of the Kansas economy. The updated release of IKE includes 21 variables with the additional five variables to be included in future releases. Mr. Ahlerich stated the IKE Report is also on Kansas, Inc.’s web page. Mr. Ahlerich stated that Kansas, Inc. welcomes feedback in an effort to improve the value of future IKE releases. He stated that on the whole it is safe to say in most areas in the 6-State Region, Kansas lags. A discussion followed with the Committee regarding the IKE report.

Upon the conclusion of Mr. Ahlerich’s update on Kansas, Inc. and discussion, Chairperson Brownlee announced that there would be a joint meeting with Senate Commerce and House Economic Development Committee at the Dillion House at 3:30 p.m. today regarding workforce development.

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Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next scheduled meeting on January 24, 2006 at 8:30 a.m. in 123S.