

## MINUTES

### JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

October 16, 2007  
Room 519-S—Statehouse

#### Members Present

Representative Lana Gordon, Chairperson  
Senator Nick Jordan, Vice-Chairperson  
Senator Karin Brownlee  
Senator Laura Kelly  
Representative Barbara Craft  
Representative Terrie Huntington  
Representative Don Myers  
Representative Annie Tietze  
Representative Jerry Williams  
Representative Valdenia Winn

#### Members Absent

Senator Jim Barone  
Senator David Wysong  
Representative Don Hill

#### Staff Present

Kathie Sparks, Kansas Legislative Research Department  
Reed Holwegner, Kansas Legislative Research Department  
Jason Long, Revisor of Statutes Office  
Duston Slinkard, Revisor of Statutes Office  
Ann Deitcher, Committee Secretary

#### Conferees

J. R. Roble, Program Manager, Kansas Department of Commerce  
John Cyr, North Central Regional Planning Commission, Beloit  
Patty Richardson, Great Plains Planning Commission, Dodge City  
Bruce Fairbank, Southeast Kansas Planning Commission  
Tom Weigand, President, East Central Kansas Rural Development  
Richard Cram, Policy and Research Director, Department of Revenue

David Kerr, Secretary, Department of Commerce  
Steve Radley, Director, Center for Entrepreneurship  
Erik Pedersen, Operation Manager, Center for Entrepreneurship  
Julia Ridel-Wall, Ridel Studio  
Peter Jasso, Manager of Film Services, Kansas Department of Commerce  
Rich Amber, a Kansas film maker  
Patrick Rae, a Kansas film maker

## Morning Session

The meeting was called to order by Chairperson Lana Gordon, who explained the goals of the meeting.

An update was given by J. R. Roble on the Rural Business Development Tax Credit (RBDTC) program, which began in 2004 ([Attachment 1](#)).

Mr. Roble explained that the state authorized a total of \$7 million in tax credits for the first three years to each of the seven economic development regions (Northwest, North Central, Northeast, East Central, Southeast, South Central, and Southwest).

These tax credits could be issued to any business or individual subject to Kansas income tax. Thus far, the credits have been most popular among supporting banks and local corporations and from this, rural communities have generated \$3,177,636 in fund raising for the purpose of economic and business development.

Senator Jordan requested a review of the original plan for the RBDTC program. Mr. Roble said this would be provided.

Introduced next was John Cyr, who offered a report illustrating the progress North Central Kansas has made both in placing the RBDTC credits and utilizing the resulting funds ([Attachment 2](#)).

Mr. Cyr said that the North Center Regional Planning Commission (NCRPC) has sponsored a series of day-long workshops focused on non-profit board development.

Subjects covered at these workshops have included:

- Constructive Partnership: The Relationship Between the Board and Executive Director;
- Strategic Thinking: Its Importance in Creating an Innovative Organization;
- Ethos of Transparency: The Importance of Ethics and Transparency in the Operation of a Non-Profit Organization; and
- Continuous Learning: Evaluating Performance and Assessing Organization Value.

Average attendance has ranged from a low of 17 to a high of 32. Groups represented at the workshops have included chambers of commerce, economic development organizations, housing authorities, community foundations, elected county and city officials, NCRPC Board, and staff.

Appearing for Region VII was Patty Richardson, who addressed the Committee in regard to the region's status with the Rural Business Development Tax Credits in Southwest Kansas ([Attachment 3](#)).

Great Plains received contributions of \$407, 500. This funding was from banks (\$126,500, or 31 percent); businesses (\$100,000, or 25 percent); and individuals (\$181,000, or 44 percent).

Funding has been designated to 60 percent loans (\$244,500); 30 percent for technical assistance (\$122,250); and 10 percent (40,750) for administration. Any funds not used for technical assistance would be moved to loans.

Ms. Richardson said that since the City of Greensburg is in their district, they anticipated applicants for both loans and technical assistance in the near future as businesses are established.

Kathie Sparks, Kansas Legislative Research Department, offered a synopsis of the 2004 Kansas Economic Growth Act Summary ([Attachment 4](#)). She referred to the information provided on page 4 of the report regarding Kansas Center for Entrepreneurship.

A copy of HB 2004 was distributed ([Attachment 5](#)). Jason Long called the Committee's attention to section (d)(6). He also provided a copy of Kansas Administrative Regulation 110-13-1 ([Attachment 6](#)).

Bruce Fairbank, Southeast Kansas Regional Foundation, presented a copy of their budget ([Attachment 7](#)). He explained that of the \$522, 952 raised since December 2006, \$92,952 was from tax credit transfers and \$30,000 was a grant from the Kansas Health Foundation.

Committed amounts were: \$250,000 for a micro-loan program; \$120,000 for downtown building programs; \$30,000 for a regional leadership academy; and \$30,000 to fund regional entrepreneurial programs.

Their plan was to work with regional partners to develop further programs and their key philosophy was to seek leverage and participation wherever possible.

Tom Weigand then addressed the Committee regarding the involvement of the East Central Kansas Rural Development. No written testimony was provided.

The Committee requested that additional information be provided by the Northwest Kansas Planning Commission.

Copies of additional information regarding administrative rules and regulations were provided by Kathie Sparks ([Attachment 8](#)). This information was from the minutes of the meeting of the Joint Committee on Administrative Rules and Regulations held on May 20, 2005.

Copies of the minutes of the Joint Committee on Economic Development for September 19-20, 2007 were distributed.

*A motion was made by Representative Huntington and seconded by Senator Jordan that these minutes be approved as corrected. The motion passed on a voice vote.*

Appearing next before the Committee was Richard Cram, who offered the Status of Tax Incentive Effectiveness Report (Attachment 9).

Mr. Cram explained that in past years, businesses claiming certain tax incentives were required to complete a questionnaire concerning the effectiveness of those incentives and file the responses with the Department of Revenue, along with the tax return. They found that often, businesses did not comply with this request, so the questionnaire, if it was returned at all, did not contain the necessary information.

In 2006, the Legislature addressed that problem with the enactment of Section 3, SB 432 (codified at KSA 2006 Supp. 79-32,243). The previous questionnaire was abolished and effective tax year 2006 and thereafter, taxpayers claiming the Business and Job Development or High Performance Incentive Program tax credits (the two primary business tax incentive programs intended to encourage economic development) are required to provide certain information on the tax credit schedule forms filed with their tax returns to claim those credits. The Department of Revenue will use this information in preparing the required annual report evaluating the effectiveness of these tax credit programs.

Copies of Kansas Tax Credits for 2004 were also provided as well as the questionnaire for those seeking Kansas Business and Job Development Credit (K-34).

Steve Radley, Center for Entrepreneurship, offered an update on the organization's progress (Attachment 10).

Mr. Radley said that the mission of Network Kansas is to promote an entrepreneurial environment throughout the State of Kansas by establishing a central portal that connects entrepreneurs and small business owners with the right resources – such as expertise, education, or economic – at the right time.

**Education.** Network Kansas partners offer a variety of seminars and workshops, including: how to start a business; tax workshops; business planning; and more.

**Economic Resources.** Network Kansas has more than 40 partners that provide loans and grants to entrepreneurs and small businesses. These include certified development companies, the seven regional economic development foundations, Mainstreet Kansas communities, USDA Rural Development, and others.

**Rural Business and Entrepreneurship Tax Credits.** They also anticipate raising additional funds for StartUp Kansas and the E-Community program through Kansas tax credits.

**Collaboration.** There have been conference calls with West Virginia, Georgia, Louisiana, Minnesota, Alabama, Mississippi, and Illinois to discuss this Network and how it was developed so that other states can learn how to do it themselves.

A benchmark spreadsheet was provided on StartUp Kansas, along with copies of minutes for the Entrepreneurial Education Leadership Team Meetings for May 22 and 30, 2007.

Erik Pedersen, Center for Entrepreneurship, addressed the Committee regarding Network Kansas (Attachment 11). He spoke of the Small Town and Rural Community Retailers' Summit to be held on November 5, 2007 in Junction City.

Mr. Pedersen said this would be an intensive, fast-paced opportunity to discover, develop, and implement strategies that will arrest and reverse the negative trends that have confronted rural retailers in recent years.

Questions and answers followed.

Julia Ridel-Wall spoke briefly of becoming an entrepreneur in order to open her own design studio. No written testimony was provided.

The Committee recessed the meeting until 1:00 p.m.

### **Afternoon Session**

Peter Jasso, Manager of Film Services, Kansas Department of Commerce, provided an oral overview of the Kansas Film Commission and noted that no appointments have been made to the Commission during the last year.

The film "Trail End," by Just Hank Productions, was shown to the Committee at the Westar facilities. Rich Amber, a Kansas film maker, showed a clip from his movie "Hope," which was shot in part in Shawnee Mission, Kansas. He also explained that the Film Commission was most helpful in finding film locations for his movie. In addition, Mr. Amber has filmed a movie entitled "Raising Jeffery Dalmer," which will be released on DVD in April 2008.

Patrick Rae, a Kansas film maker, showed a clip from his movie "Empty Acre." Mr. Rae has made short films since 2003 and has progressed into feature films with "Empty Acre." He also pointed out that the Film Commission has been very helpful in finding filming locations in Kansas. In addition, Mr. Rae worked on the film "Bunker Hill" and a segment of "Sunflower Journey," which featured the filming of "Bunker Hill," was shown to the Committee.

The Committee adjourned at 2:30 p.m.

Prepared by Ann Deitcher  
Edited by Kathie Sparks

Approved by Committee on:

November 6, 2007  
(date)