

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT COMMITTEE

The meeting was called to order by Chairwoman Lana Gordon at 3:30 P.M. on January 18, 2005 in Room 526-S of the Capitol.

All members were present except:

Annie Kuether- excused
Todd Novascone- absent

Committee staff present:

Kathie Sparks, Kansas Legislative Research
Susan Kannarr, Kansas Legislative Research Department
Renaë Jefferies, Revisor of Statutes
Helen Pedigo, Revisor of Statutes
Carlene Maag, Committee Secretary

Conferees appearing before the committee:

Tracy Taylor, Kansas Technology Enterprise Corp
Jerry Lonergan, Kansas, Inc.
Steve Weatherford, Kansas Development Finance Authority
Howard Fricke, Secretary, Department of Commerce

Others attending:

See Attached List.

Chairwoman Gordon called the meeting to order on January 18, 2005 at 3:30 p.m. The chairperson reminded the committee members that individual bill requests were due by January 24, and committee bill requests are due by February 2. She then welcomed the presenters.

Tracy Taylor, President and CEO presented an overview of Kansas Technology Enterprise Corporation (KTEC). The primary areas of focus are research, business assistance and investments.

Some highlights of last year are also this year's highlights. The implementation of Kansas Bioscience Authority. Manhattan committed to fund a \$5.5 million wetlabs incubator. This was a great example of partnering with the community. Another example of partnership working effectively is in Lawrence/Douglas County. An incubator has been purchased to support effort that KTEC has had ongoing.

Bioscience was seen as an excellent opportunity for the State of Kansas. We worked very effectively with the administration and the Department of Commerce on the Kansas Economic Growth Act.

Mr. Taylor also presented the committee with additional material relevant to his organization (Attachment 1)

A question and answer session followed the presentation.

Jerry Lonergan presented an overview of Kansas, Inc. The mission of Kansas, Inc is to cooperatively build a strong, diversified economy that promotes new and existing industries. Kansas, Inc. was created by the Legislature in 1986. In 1986, Kansas stepped up and made some exciting decisions. September 1978, was one of the lowest unemployment rates Kansas ever had. (2.8%) In less than four years, September of 1982, that unemployment rate climbed to 7.1%.

The responsibilities of Kansas Inc. is to put forth a proactive research and policy recommendations to insure competitiveness of Kansas for economic growth; to strategic plan for the State of Kansas and to evaluate economic development programs and organizations.

Mr. Lonergan expressed how much his organization appreciated the Legislature buying into the need Kansas has for additional resources for actual research programs. The 2004 Legislature injected \$100,000 for Kansas, Inc research. A commitment was made in return to the Legislature that state funds would not be used until an equal amount was leveraged through: grants, private sector support, partnerships with other agencies, or

CONTINUATION SHEET

MINUTES OF THE House Economic Development Committee at 3:30 P.M. on January 18, 2005 in Room 526-S of the Capitol.

in-kind contributions.

The primary project Kansas Inc. accomplished in 2004-05, was to develop a research agenda. The agenda was adopted in March 2004. The agenda included issues that will have substantial impacts on the state in the future. One item on the agenda was statewide travel. (Attachment 2) gives more information about Kansas, Inc.

Mr. Lonergan shared that he had submitted his resignation to Kansas, Inc. and had enjoyed his working relationship with the Legislature.

Steve Weatherford, President of Kansas Development Finance Authority (KDFA) gave an overview about KDFA. KDFA was created by the 1987 Kansas Legislature for the primary purpose of enhancing the ability of the State to finance capital improvements and of improving access to the long-term capital finance markets for State agencies, political subdivisions, public and private organization and businesses. KDFA has two primary parts to its mission statement. The first is to assist state agencies, political subdivisions, public and private organizations in identifying appropriate finance options to structure finances, to fund capital improvements or other borrowing needs to improve and manage access to long-term capital finance markets. The second part of the mission statement is to provide necessary and extensive public issuance and management and administration of the outstanding debt obligations in accordance with IRS and as a rules and regulations and to administer the investments and management of bond proceeds that will gradually be drawn down for the capital improvement projects.

KDFA provides financing through the issuance of both tax exempt and taxable bonds and other debt increments for capital projects and other legislatively authorized purposes and retains and oversees and manages project finance teams comprised of KDFA staff, client borrowers, such as state agencies and university personnel and the public finance professionals.

Some projects KDFA has financed include State building purchases and renovations, loans to beginning farmers, and public water revolving loans. (Attachment 3) gives detailed information.

Two years ago, the division of housing was transferred from the Kansas Department of Commerce and Housing to the KDFA. The Kansas Housing Resources Corporation (KHRA) has four primary areas of emphasis: Home ownership, rental housing, housing with supportive services, and asset management. A pamphlet "Kansas resources Corporation Housing, 2004 Annual Report was given the Committee. This pamphlet can be obtained from the Kansas Resources Corporation Housing, 611 S. Kansas Avenue, Suite 300, Topeka, KS 66603-3803 or www.kshousingcorp.org

Howard Fricke, Secretary of Kansas Department of Commerce gave an overview of the agency activities. Some topics were EDIF Resources, Downtown redevelopment, Kansas 1st and STAR Bonds. (Attachment 4) Secretary Fricke mentioned the "Kansas, as big as you think" campaign was well received.

Representative Burroughs made a motion to approve the minutes of the January 11, 2005 meeting. Rep. Hill seconded. Motion passed.

The meeting adjourned at 5 p.m. The next meeting is scheduled for January 20, 2005.