

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Karin Brownlee at 8:30 A.M. on January 13, 2005 in Room 123-S of the Capitol.

All Committee Members were present..

Committee staff present:

Kathie Sparks, Legislative Research
Susan Kannarr, Legislative Research
Helen Pedigo, Revisor of Status
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Harold Fricke, Department of Commerce
Patty Clark, Department of Commerce

Others attending:

See Attached List.

Chairperson Brownlee opened the meeting by introducing Secretary Fricke and thanking him for appearing before the Senate Commerce Committee.

Secretary Fricke thanked the committee for the opportunity to present an overview of the Kansas Department of Commerce with an update of some of the activities engaged in at the Department of Commerce as well as what they have planned for the future. Secretary Fricke provided the committee a copy of his presentation, "Kansas Department of Commerce Overview of Agency Activities". (Attachment 1) Secretary Fricke stated that the mission statement of the Kansas Department of Commerce is to empower businesses and communities through bold leadership using strategic resources to realize prosperity in Kansas. The major strategic priorities of the Kansas Commerce Committee are biosciences, business recruitment and retention, enhanced state image, entrepreneurship, rural development and workforce development (Kansas First).

He stated that the Commerce EDIF programs created or retained 68,800 jobs from 2001 to 2004, which equates to 16,950 jobs per year. Workforce development incentives funded by EDIF helped train 11,400 workers annually between the years of 2001 and 2004. EDIF increased tourism visitation by 1.3 million people during that same time period. Changes associated with the Economic Growth Act and Workforce Development Merger comprise the most significant restructuring of economic development programs since 1986.

The first statewide agritourism conference was held in Great Bend this past summer with nearly 400 attendees. The Agritourism Promotion Act encourages this industry by creating a registration process through which Commerce can assist in the promotion of agritourism operations and limit liability through signage.

The Department of Commerce is working with local economic development agencies, KTEC and the new Bioscience Authority hoping to create over 20,000 bioscience-related jobs and 23,000 indirect jobs, to increase federal research expenditures by more than \$1 billion annually, to reduce the out migration of our highly educated students and to enhance economic prosperity in the state with the creation of higher-paying jobs.

The Department of Commerce is encouraging the redevelopment of downtown areas in rural and distressed urban communities by giving individuals and small businesses a rebate over a 10-year period of property taxes collected on properties that have undergone improvements. The governing body of a city or a county proposing to establish a redevelopment area will apply to the Department of Commerce to put this tool in action .

A new ad campaign to enhance state image began on January 7 with a series of television, radio and print ads via in-state medial outlets to introduce the branding concept and foster pride among Kansans. Tourism ads will run in regional target markets. The overall theme is that Kansas strives for big goals. Business

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development activities will relocate to and build upon the new image campaign. Secretary Fricke invited all the committee members to a luncheon hosted by the Department of Commerce and the Kansas Economic Development Alliance. At that luncheon they will be briefing on the new ad campaign.

A new State Center and the Community Entrepreneurship Fund has been established to ensure collaboration of resources for entrepreneurial assistance as well as accessibility to capital through a world-class system to support and grow entrepreneurs in Kansas. The Board of Directors held its first meeting at Wichita State University in December of 2004. Former Senator Wint Winters was selected as Chair of that board. A strong relationship with the WSU Center for Entrepreneurship is being developed to serve as the basis for a statewide entrepreneurship-training network.

The Department of Commerce is working closely with the Board of Regents, Local Workforce Investment Board, and other interested parties to create this new system. As of July 1, 2004 state and federal workforce training programs merged within Commerce to create a seamless, market-driven system that provides \$62 million in annual resource to job seekers and employers. Efforts are underway to ensure this new workforce development provides the greatest benefit to employers and job seekers in the most efficient way possible.

The Department of Commerce is making \$7 million available over 3 years to encourage individuals and businesses to invest in regional foundations in all seven economic development regions in Kansas. Agreements to operate the regional business development have been secured in all seven regions. Quarterly meetings will be held with all foundations to insure collaboration and cooperation among service providers.

We have drafted rules and regulations for STAR Bonds and they have been approved by the Department of Administration and are currently under review by the Attorney General's office. The current version covers proposed statutory changes adopted by the Joint Committee on Economic Development. Six communities have officially submitted requests to use STAR Bonds. Five have been deemed eligible projects and one is under review for eligibility.

Chairperson Brownlee thanked Secretary Fricke and stated it is obvious that legislation passed last year has become the focal point of the Department of Commerce .

During questions and answers it was determined that the Department of Commerce website for rules and guidelines for STAR Bonds has proved to be helpful with positive responses. Also discussed was what constitutes a tourist. The committee feels the Department should become stronger about the definition of tourist, giving the example that the national definition of tourist is someone who comes from 100 miles or more.

Chairperson Brownlee introduced Patty Clark Director Ag Marketing and Community Development Divisions of the Kansas Department of Commerce, and stated she would be giving an overview of Agritourism in the state.

Ms. Clark provided the committee with written testimony given by Janna Dunbar, the Agritourism Program Manager, before the Joint Committee On Administrative Rules and Regulations (attachment 2) and also an Agritourism packet. (Attachment 3) With the implementation of SB 334 the Department of Commerce has mailed out almost 1,000 Agritourism registration packets. To date they have registered 112 operations.

The Ag Marketing and Community Development Divisions of the Kansas Department of Commerce hosted two regional workshops last April, one in Emporia and one in Hays with over 150 attending.

The statewide Agritourism Conference, held in Great Bend in November provided a network opportunity for Agritourism operators that were already in business and those thinking about being in business. This has been a joint venture with the Ag Marketing Division and the Travel and Tourism Division of the Kansas Department of Commerce. Ms. Clark stated that they were also starting to roll in some of the new programs from the economic growth act as well as existing programs in community development. We gave retained Ms. Eckert, nationally known as the top Agritourism consultant in North America to guide our educational and marketing strategies and to conduct regional based workshops. We have created a new website (www.kansasagritourism.com) to post meetings , etc. We are also creating an email news letter to go out to

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our entire data base. We are working with the regions to help them develop regional marketing plans.

Chairman Brownlee had questions regarding the liability insurance and Ms. Clark stated that information was listed in the manual written by Jane Eckert and Diane Kline entitled "Growing Agritourism in Kansas". This is the manual was given out at the Conference held in Great Bend. Ms. Clark stated she would deliver copies to committee members.

Chairperson Brownlee requested to introduce a bill on fairness in private construction. Senator Jordan moved to introduce the bill. Senator Schodorf seconded. The motion carried.

The meeting was adjourned at 9:30 a.m. The next meeting will be at 8:30 a.m. on Tuesday, January 18, 2005 in room 123S.