

Approved: 3/1/07
Date

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Steve Brunk at 9:30 A.M. on January 19, 2007 in Room 231-N of the Capitol.

All members were present.

Committee staff present:

Jerry Ann Donaldson, Kansas Legislative Research Department
Dustin Slinkard, Office of Revisor of Statutes
Stephen Bainum, Committee Assistant

Conferees appearing before the committee:

Tom Thornton, President, Kansas BioScience Authority
Steve Radley & Erik Pedersen of The Kansas Center for Entrepreneurship

Others attending:

Ken Daniel, Kansas Center for Entrepreneurship
Wally Kearns, Kansas Small Business Development Center
Dan Korber, Kansas Inc.
Ray Hammorlund, KDOC
Corey Mohn, KDOC

The Chairman asked if there were any bill introductions.

Representative Goico requested introduction of a bill for the Kansas Retirement Fund to the effect that there would be no investment of the funds in Iran.

The bill introduction was accepted.

The Chairman introduced the guest speaker, Tom Thornton, President of the Kansas BioScience Authority.

Tom Thornton briefed the committee on the four basic themes of the Kansas BioScience Authority, (1) Return on Investment, (2) efforts to augment the health and vitality of our State's Research & Development infrastructure, (3) the formation and growth of BioScience startups in the State and (4) our efforts to make Kansas a leader in BioScience sectors where we have existing strengths.

Research and development is critical to the long term success of the BioScience market. The Federal government is the largest supporter of BioSciences at the Kansas universities. Kansas needs an aggressive research and development advocacy strategy and the KBA has developed it and is going to implement it.

An example is the 450 million dollar Federal Laboratory proposed by the US Department of Homeland Security called the National Bio & Agro Defense Facility. NBATH represents a seminal opportunity to secure a Federal Laboratory in Kansas in an area where we already have existing research strengths. NBATH would be a magnet for private sector investment.

Representative Goico asked if that was going to be a level 4 lab. Yes it is and it would be only one of two such labs in the United States. Representative Goico explained the difference between a level 3 and a level 4 lab. It would be a premier lab for the State and would attract bio industry to Kansas. The Department of Homeland Security is conducting a nationwide site selection process. Two sites in Kansas have been proposed: Manhattan and Leavenworth.

The Chairman asked who the competition was for the site. There are 18 sites competing but the main competition is from Georgia, Texas, Mississippi and North Carolina. The advantage that Kansas has in our investments in animal health which other states have not matched. The concentration of animal health companies and plant sciences companies in Kansas gives us an advantage. This will be an extraordinary competition, so much so that the KBA is considering placing a full time lobbyist in Washington to help us support this effort.

Another area of interest is Bio Ventures. KBA will focus on services not otherwise supported. KBA will

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reach out to private venture investors in BioScience. This will require us to work with 10 to 12 companies and other departments such as Commerce, KTEC and others.

An exciting new focus is the Kansas BioScience Centers of Innovation. KBA will work with industry to support growth in the BioScience industries. We will seek to form and attract new companies in this area. An emerging area is Bio Composites. Wichita is a leader in the area of composite research. We want to work with WSU to move composite research from the Aviation industry into applications in BioScience. These centers are to become self-sustaining.

Representative Gordon ask Tom to explain funding sources. The Kansas Economic Growth Act provides funding through withholding taxes. The funds are allocated to the KBA by the Department of Revenue.

Representative Ruiz asked about the time line on getting the Lab in the State of Kansas. Tom said that the proposal was due February 16th and he has received the draft of it today. The Department of Homeland Security will do their site visits in the late spring. They will do an aggressive evaluation of the sites. They have stated that this will be in June but it may be as late as September. A final decision is expected by 2008. The Federal government has already appropriated funds for the facility. We are hoping that the Governor will form the task force to support the effort. We will have an aggressive plan of communicating the importance of this project to the public.

Representative Huntington asked if there was a method for hooking up the investors with the National Academy of Sciences if the project is being viewed by the National Academy of Sciences. There are large risks in the startup of these companies. Investors tend to look at the risks to their investment. The KBA model is to reduce the risk to the investor by reducing the transaction costs. The investors want a relationship to an organization like the KBA which serve as intermediaries.

The Chairman introduced the next speaker Steve Radley, Director, Kansas Center for Entrepreneurship.

At 10:15 A.M. Steve Radley gave a brief overview of the beginnings of the Kansas Center for Entrepreneurship. Our mission is to promote an entrepreneurial environment throughout the state of Kansas. Our focus is on acting as a conduit where entrepreneurs and small businesses can connect to the resources they need.

We have funded a grant to The Center for Entrepreneurship at Wichita State University to conduct an inventory of all entrepreneurial offerings in the state of Kansas. Now we are setting up 3 statewide task forces made up of people involved with entrepreneurial education.

The StartUp Kansas Entrepreneurship Fund was established to provide economic resources to startup and existing businesses through the NetWork Kansas partner organizations. Five businesses have been approved for StartUp Kansas Funds. Additional funds for StartUp Kansas will be raised through the sale of tax credits.

The Chairman introduced the next guest speaker, Erik Pedersen, Manager, Kansas Center for Entrepreneurship.

Erik gave a brief update about NetWork Kansas. The NetWork Kansas call center was established with two hundred eighty resource partners. These partners are organizations that provide assistance to entrepreneurs and small business owners in starting up their business. The web site networkkansas.com is getting over three thousand sessions per month in which visitors can access hundreds of pages of information.

In addition to the web site we interact by phone and email with entrepreneurs and small business owners with a staff of four to six part-time counselors who can help them contact resource partners.

Representative Pauls asked if NetWork Kansas was working with credit unions. Erik indicated that they were just now beginning to do that.

The Chairman reminded the committee of the meeting on Monday, January 22 with a guest speaker from The Department of Labor, on Tuesday, January 23 with a guest speaker from KCCI and Thursday, January 25

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with a hearing on HB 2008. He also said that the committee could expect of receive bills about the Home Inspectors and Unemployment Insurance.

The meeting adjourned at 10:44 A.M.