

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Nick Jordan at 8:35 A.M. on January 24, 2007 in Room 123-S of the Capitol.

All members were present.

Committee staff present:

Amy Deckard, Kansas Legislative Research Department
Kathie Sparks, Kansas Legislative Research Department
Mike Heim, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Steve Kelly, Department of Commerce
Patty Clark, Department of Commerce

Others attending:

See attached list.

Chairperson Jordan recognized Senator Bruce to introduce a bill. Senator Terry Bruce stated he would like to introduce a bill regarding industrial incentives that would benefit the Eaton Corporation located in Hutchinson, Kansas, and possibly keep them from moving the business out of the state of Kansas to Mexico.

Upon the conclusion of Senator Bruce's bill introduction, Senator Teichman made a motion to introduce the bill regarding the industrial incentives . Senator Schodorf seconded.

The Committee joined into a discussion with Senator Bruce.

Upon the completion of the discussion, Chairperson Jordan called for a vote. The motion carried.

Chairperson Jordan introduced Steve Kelly, Deputy Secretary, Kansas Department of Commerce, to give his testimony; a *2007 overview of the Department of Commerce*. ([Attachment 1](#))

Mr. Kelly opened by stating he would like to bring the Committee's attention to a piece of statutory language that was added a couple of years ago that would provide the Department of Commerce some flexibility in regards to the IMPACT program. This language was put in place for a limited period of time; set to expire next year. He stated with the flexibility regarding IMPACT dollars the Department of Commerce has been able to retain and attract companies to Kansas. Mr. Kelly stated he feels this is something that needs to be made permanent in the statute.

Mr. Kelly began with his overview, stating that the Department of Commerce is available to come before the Committee at anytime to talk about specific programs. Mr. Kelly stated the Department of Commerce is responsible for the following three commissions:

- Kansas Athletic Commissions
- Kansas Commission on Disability Concerns
- Kansas Film Commission

The Department of Commerce has a number of field offices around the state; domestic offices outside the state; and international offices which are set up on a contractual basis.

The Department of Commerce receives revenue from the following sources:

- State General Fund
- Economic Development Initiative Fund
- Special Revenue Funds
- Federal Funds

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:35 A.M. on in Room 123-S of the Capitol.

The following are the expenditures of the Department of Commerce.

- Federal & State aid to Local Units is about 64%
- Salaries & Wages is 19%
- Operating Expense is 12.7%
- Non-Expense Items is 4.4%
- Debt Payments is .1%
- Capital Improvements is .1%

He stated the Department of Commerce has the administrative responsibility for the following:

- Enterprise Facilitation Project
- Kansas Center for Entrepreneurship
- Kansas Small Business Development Centers
- Kansas Association of Certified Development Companies
- Local Workforce Investment Bonds
- Regional Economic Area Partnership

Questions and Answers followed regarding Regional Economic Area Partnership

Mr. Kelly stated the Department of Commerce is involved in the following and gave a brief review of results in each of these areas:

- Agriculture Marketing Development
- Business Development
- Community Development
- Trade Development
- Trade & Tourism Development
- Workforce Development

Questions and answers occurred during the review regarding the eight ethanol plants in Kansas and their locations. Mr. Kelly stated he did not know all the locations in the state but would get that information to the Committee:

In closing Mr. Kelly listed other programs the Department of Commerce is involved in trying to help promote in the State:

- Agritourism
- Attraction Development Grant Program
- Brand Image
- Bioscience
- KIT, KIR and IMPACT

He stated the Department of Commerce has added two new initiatives:

- On-Track Initiative
- Rural Development Initiative

With no further questions and answers Chairperson Jordan introduced Patty Clark, Department of Commerce, to give a presentation on Kansas Rural Development Initiative. (Attachment 2) Ms. Clark stated in the past four years the State of Kansas has greatly benefitted from the concepts and priorities identified by the Governor's Rural Life Task Force. She stated they have learned that rural community development is a process, not a specific program or set of programs. She stated that the Department of Commerce hopes to create a new Office of Rural Opportunity to bring greater focus and attention to the needs of Kansas' rural communities.

Questions and answers followed.

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Senator Brownlee has concerns with duplication of programs and asked Ms. Clark for a list of what programs are being duplicated by other agencies. The Main Street program was also discussed.

With no further questions, Chairperson Jordan adjourned the meeting at 9:30 a.m. with the next meeting scheduled for tomorrow, Thursday, January 25th at 8:30 a.m. in room 123 S.