

Approved: January 29, 2010

Date

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 3:30 p.m. on January 25, 2010, in Room 152-S of the Capitol.

All members were present except:

Representative Lisa Benlon- excused
Representative Owen Donohoe- excused
Representative Don Hill- excused
Representative Joe Seiwert- excused

Committee staff present:

Doug Taylor, Office of the Revisor of Statutes
Reed Holwegner, Kansas Legislative Research Department
Brandon Riffel, Kansas Legislative Research Department
Ann Deitcher, Committee Assistant

Conferees appearing before the Committee:

Jeff Conway, Legislative & Administrative Liaison, Kansas Department of Commerce
Caleb Asher, Deputy Secretary Workforce Development, Kansas Department of Commerce
John Watson, Kansas Department of Commerce

The Chair introduced Jeff Conway who requested the Committee's acceptance of three bills.

A motion was made by Representative Schwartz and seconded by Representative Winn to accept the bill dealing with recovery zone bonds. (Attachment 1).

The motion passed on a voice vote.

Representative Slattery moved and Representative Winn seconded the motion for the Committee to SB 108 for the purpose of amendment by inserting "or eligible wind or solar energy business" in line 3 of section 7(h) and line 1 of section 7(l). (Attachment 3).

The motion passed on a voice vote.

It was moved by Representative Furtado and seconded by Representative Slattery to accept the bill that would change the wording "standard industrial classification codes, (SICC) to North American industry classification system, (NAICS). (Attachment 2).

The motion passed on a voice vote.

Next on the agenda was Caleb Asher who presented a power point presentation on the State of Kansas Workforce System, "Putting Kansas to Work". (Attachment 4).

He told of the advertising they were doing through the colleges for former Kansans who might possibly be interested in returning to their home state to work. In answer to those who question the hiring of workers from out-of-state, Mr. Asher said they were trying to find people who would consider working in areas where in-staters refused to move.

Questions and answers followed.

John Watson addressed the Committee regarding international trade saying that efforts were being made to increase the trade with other countries. (Attachment 5).

Questions and answers followed.

CONTINUATION SHEET

Minutes of the House Economic Development and Tourism Committee at 3:30 p.m. on January 25, 2010, in Room 152-S of the Capitol.

Secretary Thornton spoke next telling the Committee of the Rural Development: Agriculture Marketing. (Attachment 2, page 4.)

He told of the highlights for 2009 which included \$264,600 in Value Added Grants/Loans to eight groups, who totaled \$128 million in sales. Dozens of new agritourism vendors were registered bringing the total number to 274; assisting in the establishment of four new wineries, bringing the total number to 19; and registering more than 100 new members in the Simply Kansas trademark program.

Additional fiscal year 2009 highlights were the continuation to facilitate the development of renewable energy production facilities throughout Kansas. By year's end, Kansas had eleven ethanol plants combining for 495 million gallons in annual output and two biodiesel production facilities with an annual output of 6.2 million gallons.

In the Travel and Tourism area, their fiscal year 2009 highlights consisted of producing an expanded out-of-state tourism ad campaign that provided \$90 for each \$1 invested; developing a Rural Tourism pilot program in partnership with the Kansas Sampler Foundation; collaborating with KDOT to develop a new Scenic Byways marketing program that includes the Byways Guide, social marketing and the Kansas Lottery Painted Byways scratch game; and continuing work on the Flint Hills Tourism Initiative and Freedom's Frontier National Heritage Area development.

Questions and answers followed.

The meeting was adjourned at 4:45 p.m.

The next meeting is scheduled for Wednesday, January 27, 2010.

Section 1. (a) As used in this section:

(1) "Department" means the department of commerce.

(2) "Recovery zone bonds" means any recovery zone economic development bonds or recovery zone facility bonds that are allocated pursuant to Section 1400U-1 of the Internal Revenue Code of 1986, as amended.

(b) (1) The department shall allocate recovery zone bonds to counties and large municipalities in accordance with Section 1400U-1 of the Internal Revenue Code of 1986, as amended, and shall provide notice of such allocation to each county and large municipality. A county or large municipality may, at any time, waive any allocation of recovery zone bonds by providing written notice to the department. Each allocation shall be deemed waived by the county or large municipality on the sixtieth day following notice of allocation, except to the extent the county or large municipality provided the department with written notice of intent to issue recovery zone bonds stating the amount and type to be issued. Each county or large municipality shall notify the department in writing of the issuance of recovery zone bonds. Any recovery zone bonds allocated to a county or large municipality which remain unissued as of June 30, 2010, shall be recaptured by the department for reallocation.

(2) Any county or municipality may apply to the department for the allocation of additional recovery zone bonds to the extent such bonds are available due to the waiver of recovery zone bond allocations by other counties or large municipalities or the recapture of recovery zone bonds by the department as provided under paragraph (1) of this subsection. The department may reallocate such recovery zone bonds to any county or municipality as provided by rule.

(c) The department may adopt such rules and regulations as may be required for the implementation and administration of this act.

Sec. 2. (a) As used in this section:

(1) "Department" means the department of commerce.

(2) "Qualified energy conservation bonds" means any qualified energy conservation bonds that are allocated pursuant to Section 54D(e)(1) of the Internal Revenue Code of 1986, as amended.

(b) (1) The department shall allocate qualified energy conservation bonds to large local governments in accordance with Section 54D(e)(1) of the Internal Revenue Code of 1986, as amended, and shall provide notice of such allocation to each large local government. A large local government may, at any time, waive any allocation of qualified energy conservation bonds by providing written notice to the department. Each allocation shall be deemed waived by the large local government on the sixtieth day following notice of allocation, except to the extent the large local government provided the department with written notice of intent to issue qualified energy conservation bonds stating the amount and type to be issued. Each large local government shall notify the department in writing of the issuance of qualified energy conservation bonds. Any qualified energy conservation bonds allocated to a

Economic Development & Tourism

Date: 1-25-10

Attachment # 1-1

large local government which remain unissued as of June 30 of each year, shall be recaptured by the department for reallocation.

(2) Any local government may apply to the department for the allocation of additional qualified energy conservation bonds to the extent such bonds are available due to the waiver of qualified energy conservation bond allocations by other large local governments or the recapture of qualified energy conservation bonds by the department as provided under paragraph (1) of this subsection. The department may reallocate such qualified energy conservation bonds to any local government as provided by rule.

(c) The department may adopt such rules and regulations as may be required for the implementation and administration of this act.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

Section 1. K.S.A. 74-50,114 is hereby amended to read as follows: 74-50,114. As used in K.S.A. 74-50,113 through 74-50,117 and amendments thereto:

(a) "Ancillary support" means a facility which is operated by a business and whose function is to provide services in support of the business, but is not directly engaged in the business' primary function.

(b) "Business" means any manufacturing business or nonmanufacturing business.

(c) "Business headquarters" means a facility where principal officers of the business are housed and from which direction, management or administrative support for transactions is provided for a business or division of a business or regional division of a business.

(d) "Full-time employee" means a person who is required to file a Kansas income tax return and who is employed by a business or retail business to perform duties in connection with the operation of the business or retail business on:

(1) A regular, full-time basis;

(2) a part-time basis, provided such person is customarily performing such duties at least 20 hours per week throughout the taxable year; or

(3) a seasonal basis, provided such person performs such duties for substantially all of the season customary for the position in which such person is employed. The number of full-time employees during any taxable year shall be determined by dividing by 12 the sum of the number of full-time employees on the last business day of each month of such taxable year. If the business or retail business is in operation for less than the entire taxable year, the number of full-time employees shall be determined by dividing the sum of the number of full-time employees on the last business day of each full calendar month during the portion of such taxable year during which the business was in operation by the number of full calendar months during such period.

(e) "Manufacturing business" means all commercial enterprises identified under the manufacturing ~~standard industrial classification codes, major groups 20 through 39~~ *NAICS subsectors 311-339*.

(f) "Metropolitan county" means the county of Douglas, Johnson, Leavenworth, Sedgwick, Shawnee or Wyandotte.

(g) "*NAICS*" means the North American industry classification system, as developed under the authority of the office of management and budget of the office of the president of the United States.

(g) (h) "Nonmanufacturing business" means any commercial enterprise other than a manufacturing business or a retail business. Nonmanufacturing business shall also include the business headquarters of an enterprise, ancillary support of an enterprise, and an enterprise designated

under ~~standard industrial classification codes 5961, 7948 or 7372 NAICS industry groups 4541, 5112, and 7112~~ regardless of the firm's classification as a retail business if that facility for which the sales tax exemption certificate is issued facilitates the creation of at least 20 new full-time positions. In addition, with respect to enterprises in ~~standard industrial classification code 7948 NAICS industry group 7112~~, such enterprises must operate an auto racetrack in the state involving capital improvements costing not less than \$100,000,000.

For taxable years commencing after December 31, 1997, any ancillary support business which would otherwise be eligible for a sales tax exemption or an income, premium or privilege tax credit pursuant to this subsection shall incorporate in its tax filing for the exemption or credit a statement from the secretary of commerce which includes a finding by the secretary that the job expansion incident to the exemption or credit claimed would not have occurred in the absence of the credit or exemption.

(h) (i) "Nonmetropolitan region" means a region established under K.S.A. 74-50,116 and amendments thereto and is comprised of any county or counties which are not metropolitan counties.

(i) (j) "Retail business" means: (1) Any commercial enterprise primarily engaged in the sale at retail of goods or services taxable under the Kansas retailers' sales tax act; (2) any service provider set forth in K.S.A. 17-2707, and amendments thereto; (3) any bank, savings and loan or other lending institution; (4) any commercial enterprise whose primary business activity includes the sale of insurance; and (5) any commercial enterprise deriving its revenues directly from noncommercial customers in exchange for personal services such as, but not limited to, barber shops, beauty shops, photographic studios and funeral services.

(j) (k) "Secretary" means the secretary of the Kansas department of commerce.

(k) "~~Standard industrial classification code~~" means ~~a standard industrial classification code published in the Standard Industrial Classification manual, 1987, as prepared by the statistical policy division of the office of management and budget of the office of the president of the United States of America.~~

Sec. 2. K.S.A. 74-50,131 is hereby amended to read as follows: 74-50,131. Commencing after December 31, 1999: (a) As used in this act: "Qualified firm" means a for-profit business establishment, subject to state income, sales or property taxes, identified under the ~~standard industrial classification (SIC) codes as in effect July 1, 1993, major groups 20 through 39, major groups 40 through 51, and major groups 60 through 89; identified under the North American industry classification system (NAICS) as in effect on October 1, 2000, subsectors 221, 311-339, 423-425, 481-519, 521-721, and 811-928~~ or is identified as a corporate or regional headquarters or back-office operation of a national or multi-national corporation regardless of ~~SIC code or NAICS designation~~. The secretary of commerce shall determine eligibility when a difference exists between a firm's ~~SIC code~~ *primary business activity* and NAICS designation. A business establishment may be assigned a ~~standard industrial classification code or NAICS designation~~ according to the primary business activity at a single physical location in the state.

(b) In the case of firms in ~~major groups 40 through 51, and major groups 60 through 89~~ or the appropriate NAICS designation *subsectors 221, 423-425, 481-519, 521-721, and 811-928*, the business establishment must also demonstrate the following:

(1) More than 1/2 of its gross revenues are a result of sales to commercial or governmental customers outside the state of Kansas; or

(2) more than 1/2 of its gross revenues are a result of sales to Kansas manufacturing firms within ~~major groups 20 through 39~~ or the appropriate NAICS designation *subsectors 311-339*; or

(3) more than 1/2 of its gross revenues are a result of a combination of sales described in (1) and (2).

(c) For purposes of determining whether one of the average wage options described in subsection (d) below is satisfied, business establishments located within a metropolitan county, as defined in K.S.A. 74-50,114, and amendments thereto, will be compared only to other businesses within that metropolitan county, and business establishments located outside of a metropolitan county will be compared to businesses within an aggregation of counties representing the business establishment's region of the state, which regional aggregation will exclude metropolitan counties. Such aggregation shall be determined by the department of commerce.

(d) Additionally, a business establishment having met the criteria as established in subsection (a) or (b), and using the comparison method described in subsection (c), must meet one of the following criteria:

(1) The establishment with 500 or fewer full-time equivalent employees will provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the ~~same two-digit standard industrial classification code~~ or appropriate NAICS designation.

(2) The establishment with 500 or fewer full-time equivalent employees is the sole firm within its ~~two-digit standard industrial classification code~~ or appropriate NAICS designation which has 500 or fewer full-time equivalent employees.

(3) The establishment with more than 500 full-time equivalent employees will provide an average wage that is above the average wage paid by firms with more than 500 full-time equivalent employees which share the ~~same two-digit standard industrial classification code~~ or appropriate NAICS designation.

(4) The establishment with more than 500 full-time equivalent employees is the sole firm within its ~~two-digit standard industrial classification code~~ or appropriate NAICS designation which has *more than 500* ~~or more~~ full-time equivalent employees, in which event it shall either provide an average wage that is above the average wage paid by all firms with 500 or fewer full-time equivalent employees which share the ~~same two-digit standard industrial classification code~~ or appropriate NAICS designation, or be the sole firm within its ~~two-digit standard industrial classification code~~ or appropriate NAICS designation.

(e) As an alternative to the requirements of subsections (c) and (d), a firm having met the requirements of subsections (a) or (b), may qualify, if excluding taxable disbursements to company owners, the business establishment's annual average wage must be greater than or equal to 1.5 times the aggregate average wage paid by industries covered by the employment security law based on data maintained by the secretary of labor.

(f) For the purposes of this section, the number of full-time equivalent employees shall be determined by dividing the number of hours worked by part-time employees during the pertinent measurement interval by an amount equal to the corresponding multiple of a 40-hour work week and adding the quotient to the number of full-time employees.

(g) The secretary of commerce shall certify annually to the secretary of revenue that a firm meets the criteria for a qualified firm and that the firm is eligible for the benefits and assistance provided under this act. The secretary of commerce is hereby authorized to obtain any and all information necessary to determine such eligibility. Information obtained under this section shall not be subject to disclosure pursuant to K.S.A. 45-215 et seq., and amendments thereto, but shall upon request be made available to the legislative post audit division. The secretary of commerce shall publish rules and regulations for the implementation of this act. Such rules and regulations shall include, but not be limited to:

(1) A definition of "training and education" for purposes of K.S.A. 74-50,132 and amendments thereto.

(2) Establishment of eligibility requirements and application procedures for expenditures from the high performance incentive fund created in K.S.A. 74-50,133 and amendments thereto.

(3) Establishment of approval guidelines for private consultants authorized pursuant to K.S.A. 74-50,133 and amendments thereto.

(4) Establishment of guidelines for prioritizing business assistance programs pursuant to K.S.A. 74-50,133 and amendments thereto.

(5) A definition of "commercial customer" for the purpose of K.S.A. 74-50,133 and amendments thereto.

(6) A definition of "headquarters" for the purpose of K.S.A. 74-50,133 and amendments thereto.

(7) Establishment of guidelines concerning the use and disclosure of any information obtained to determine the eligibility of a firm for the assistance and benefits provided for by this act.

Sec. 3. K.S.A. 79-201a is hereby amended to read as follows: 79-201a. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. All property belonging exclusively to the United States, except property which congress has expressly declared to be subject to state and local taxation.

Second. All property used exclusively by the state or any municipality or political subdivision of the state. All property owned, being acquired pursuant to a lease-purchase agreement or operated by the state or any municipality or political subdivision of the state, including property which is vacant or lying dormant, which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same, shall be considered to be used exclusively by the state, municipality or political subdivision for the purposes of this section. The lease by a municipality or political subdivision of the state of any real property owned or being acquired pursuant to a lease-purchase agreement for the purpose of providing office space necessary for the performance of medical services by a person licensed to practice medicine and surgery or osteopathic medicine by the board of healing arts pursuant to K.S.A. 65-2801 et seq., and amendments thereto, dentistry services by a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401 et seq., and amendments thereto, optometry services by a person licensed by the board of examiners in optometry pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-1501 et seq., and amendments thereto, podiatry services by a person licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq., and amendments thereto, or the practice of psychology by a person licensed by the behavioral sciences regulatory board pursuant to K.S.A. 74-5301 et seq., and amendments thereto, shall be construed to be a governmental function, and such property actually and regularly used for such purpose shall be deemed to be used exclusively for the purposes of this paragraph. The lease by a municipality or political subdivision of the state of any real property, or portion thereof, owned or being acquired pursuant to a lease-purchase agreement to any entity for the exclusive use by it for an exempt purpose, including the purpose of displaying or exhibiting personal property by a museum or historical society, if no portion of the lease payments include compensation for return on the investment in such leased property shall be deemed to be used exclusively for the purposes of this paragraph. All property leased, other than property being acquired pursuant to a lease-purchase agreement, to the state or any municipality or political subdivision of the state by any private entity shall not be considered to be used exclusively by the state or any municipality or political subdivision of the state for the purposes of this section except that the provisions of this sentence shall not apply to any such property subject to lease on the effective date of this act until the term of such lease expires but property taxes levied upon any such property prior to tax year 1989, shall not be abated or refunded. Any property constructed or purchased with the proceeds of industrial revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of improvement district bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-3815a and 19-3815b, or any property improved, purchased, constructed, reconstructed or repaired with the proceeds of revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reimproved, reconstructed or repaired with the proceeds of revenue bonds issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-1245, inclusive, which had previously been improved, reconstructed or repaired with the proceeds of revenue bonds issued under such act on or before July 1, 1963, shall be exempt from taxation for so long as any of the revenue bonds issued to finance such construction, reconstruction, improvement, repair or purchase shall be outstanding and unpaid. Any property constructed or purchased with the proceeds of any revenue bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued on or after July 1, 1963, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property, all or any portion of which is

constructed or purchased with the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, issued on or after July 1, 1963 and prior to July 1, 1981, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased wholly with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, and used in any retail enterprise identified under the standard industrial classification codes, major groups 52 through 59, inclusive NAICS sectors 44 and 45, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision "~~standard industrial classification code~~" "~~NAICS~~" means a ~~standard industrial classification code published in the Standard Industrial Classification manual, 1987~~ *the North American industry classification system*, as prepared by the ~~statistical policy division of~~ *developed under the authority of* the office of management and budget of the office of the president of the United States. "Headquarters or back office operations" means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, which is located in a redevelopment project area established under the authority of K.S.A. 12-1770 et seq., shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto for any poultry confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903 and amendments thereto, shall not be exempt from such taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903 and amendments thereto, shall not be exempt from such taxation.

Third. All works, machinery and fixtures used exclusively by any rural water district or township water district for conveying or production of potable water in such rural water district or

township water district, and all works, machinery and fixtures used exclusively by any entity which performed the functions of a rural water district on and after January 1, 1990, and the works, machinery and equipment of which were exempted hereunder on March 13, 1995.

Fourth. All fire engines and other implements used for the extinguishment of fires, with the buildings used exclusively for the safekeeping thereof, and for the meeting of fire companies, whether belonging to any rural fire district, township fire district, town, city or village, or to any fire company organized therein or therefor.

Fifth. All property, real and personal, owned by county fair associations organized and operating under the provisions of K.S.A. 2-125 et seq., and amendments thereto.

Sixth. Property acquired and held by any municipality under the municipal housing law (K.S.A. 17-2337 et seq.) and amendments thereto, except that such exemption shall not apply to any portion of the project used by a nondwelling facility for profit making enterprise.

Seventh. All property of a municipality, acquired or held under and for the purposes of the urban renewal law (K.S.A. 17-4742 et seq.) and amendments thereto except that such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an urban renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

Eighth. All property acquired and held by the Kansas armory board for armory purposes under the provisions of K.S.A. 48-317, and amendments thereto.

Ninth. All property acquired and used by the Kansas turnpike authority under the authority of K.S.A. 68-2001 et seq., and amendments thereto, K.S.A. 68-2030 et seq., and amendments thereto, K.S.A. 68-2051 et seq., and amendments thereto, and K.S.A. 68-2070 et seq., and amendments thereto.

Tenth. All property acquired and used for state park purposes by the Kansas department of wildlife and parks.

Eleventh. The state office building constructed under authority of K.S.A. 75-3607 et seq., and amendments thereto, and the site upon which such building is located.

Twelfth. All buildings erected under the authority of K.S.A. 76-6a01 et seq., and amendments thereto, and all other student union buildings and student dormitories erected upon the campus of any institution mentioned in K.S.A. 76-6a01, and amendments thereto, by any other nonprofit corporation.

Thirteenth. All buildings, as the same is defined in subsection (c) of K.S.A. 76-6a13, and amendments thereto, which are erected, constructed or acquired under the authority of K.S.A. 76-6a13 et seq., and amendments thereto, and building sites acquired therefor.

Fourteenth. All that portion of the waterworks plant and system of the city of Kansas City, Missouri, now or hereafter located within the territory of the state of Kansas pursuant to the compact and agreement adopted by K.S.A. 79-205, and amendments thereto.

Fifteenth. All property, real and personal, owned by a groundwater management district organized and operating pursuant to K.S.A. 82a-1020, and amendments thereto.

Sixteenth. All property, real and personal, owned by the joint water district organized and operating pursuant to K.S.A. 80-1616 et seq., and amendments thereto.

Seventeenth. All property, including interests less than fee ownership, acquired for the state of Kansas by the secretary of transportation or a predecessor in interest which is used in the administration, construction, maintenance or operation of the state system of highways, regardless of how or when acquired.

Eighteenth. Any building used primarily as an industrial training center for academic or vocational education programs designed for and operated under contract with private industry, and located upon a site owned, leased or being acquired by or for an area vocational school, an area vocational-technical school, a technical college, or a community college, as defined by K.S.A. 72-4412, and amendments thereto, and the site upon which any such building is located.

Nineteenth. For all taxable years commencing after December 31, 1997, all buildings of an area vocational school, an area vocational-technical school, a technical college or a community college, as defined by K.S.A. 72-4412, and amendments thereto, which are owned and operated by any such school or college as a student union or dormitory and the site upon which any such building is located.

Twentieth. For all taxable years commencing after December 31, 1997, all personal property which is contained within a dormitory that is exempt from property taxation and which is necessary for the accommodation of the students residing therein.

Twenty-First. All real property from and after the date of its transfer by the city of Olathe, Kansas, to the Kansas state university foundation, all buildings and improvements thereafter erected and located on such property, and all tangible personal property, which is held, used or operated for educational and research purposes at the Kansas state university Olathe innovation campus located in the city of Olathe, Kansas.

Twenty-Second. All real property, and all tangible personal property, owned by postsecondary educational institutions, as that term is defined in K.S.A. 2008 Supp. 74-3201b, and amendments thereto, or by the board of regents on behalf of the postsecondary educational institutions, which is leased by a for profit company and is actually and regularly used exclusively for research and development purposes so long as any rental income received by such postsecondary educational institution or the board of regents from such a company is used exclusively for educational or scientific purposes. Any such lease or occupancy described in this section shall be for a term of no more than five years.

Except as otherwise specifically provided, the provisions of this section shall apply to all taxable years commencing after December 31, 2000.

2-8

SENATE BILL No. 108

AN ACT concerning the economic revitalization and reinvestment act; relating to the secretary of commerce and the Kansas development finance authority; authorizing the issuance of bonds for certain economic development projects; amending K.S.A. 2008 Supp. 74-50,136 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2008 Supp. 74-50,136 is hereby amended to read as follows: 74-50,136. (a) The provisions of this section shall be known and may be cited as the "economic revitalization and reinvestment act."

(b) The purpose of the economic revitalization and reinvestment act is to foster Kansas employment by encouraging product development and engineering leading to new manufactured products in Kansas.

(c) As used in this act:

(1) "Base eligibility period" means the three taxable years immediately preceding the date of application for benefits under this act.

(2) "Eligible aviation business" means a person, corporation, partnership or other entity engaged in the aviation manufacturing or service industry and doing business in Kansas that satisfies conditions imposed by the secretary, which may include, among other conditions, that the person, corporation, partnership or other entity:

(A) Paid at least ~~\$300,000,000~~ \$150,000,000 in average annual gross Kansas compensation, according to reports filed with the secretary of labor, during the base eligibility period;

(B) paid at least \$50,000 of average annual gross compensation per Kansas employee during the base eligibility period;

(C) has invested at least \$500,000,000 in real and tangible personal property located within and currently used in the operation of a business in Kansas; and

(D) is described by the north American industrial classification system as being in the manufacturing or service sector.

(3) "Eligible aviation project" means a research, development, engineering or manufacturing project (A) undertaken by an eligible aviation business relating to the development of a new or improved business component or product and may include, but not be limited to, product development and design, applied research, manufacturing, improvement, replacement or acquisition of real or personal property and modernization and retooling of existing property in Kansas, (B) for which the eligible aviation business proposes to invest not less than \$500,000,000 in Kansas in direct connection with the eligible aviation project of not less than \$500,000,000 in Kansas and (C) for which the eligible aviation business proposes to employ up to 4,000 full-time employees in Kansas, as defined in K.S.A. 74-50,114, and amendments thereto.

(4) "Eligible business" means a person, corporation, partnership or other entity doing business in Kansas that satisfies conditions imposed by the secretary, which may include, among other conditions, that the person, corporation, partnership or other entity:

(A) Paid at least \$600,000,000 in average annual gross Kansas compensation, according to reports filed with the secretary of labor, during the base eligibility period; and

(B) paid at least \$50,000 of average annual gross compensation per Kansas employee during the base eligibility period; and

(C) has invested at least \$1,000,000,000 in real and tangible personal property located within and currently used in the operation of a business in Kansas; and

(D) is described by north American industrial classification system as being in the manufacturing sector.

(5) "Eligible project" means a research, development, engineering or manufacturing project (A) undertaken by an eligible business relating to the development of a new or improved business component or product and may include, but not be limited to, product development and design, applied research, manufacturing, improvement, replacement or acquisition of real or personal property and modernization and retooling of existing property in Kansas, (B) for which the eligible business proposes to invest not less than \$500,000,000 in Kansas in direct connection with the eligible project of not less than \$500,000,000 in Kansas and (C) for which the eligible business proposes to employ up to 4,000 full-time employees in Kansas, as defined in K.S.A. 74-50,114, and amendments thereto.

(6) "Eligible wind or solar energy business" means a person, corpo-

#1

Economic Development & Tourism

Date: 1-25-10

Attachment # 3-1

ration, partnership or other entity engaged in the wind or solar energy manufacturing industry and doing business in Kansas that satisfies conditions imposed by the secretary, which may include among other conditions, that the person, corporation, partnership or other entity:

(A) Pay at least \$32,500 of average annual compensation per Kansas employee; and

(B) is described by the North American industrial classification system as being in the manufacturing sector.

(7) "Eligible wind or solar energy project" means a research, development, engineering or manufacturing project (A) undertaken by an eligible wind or solar energy business relating to the production of a business component or product and may include, but not be limited to, product development and design, applied research, manufacturing improvement, replacement or acquisition of real or personal property and modernization and retooling of existing property in Kansas, (B) for which the eligible wind or solar energy business proposes to invest not less than \$30,000,000 in Kansas in direct connection with the eligible wind or solar energy project of not less than \$30,000,000 in Kansas and (C) for which the eligible wind or solar energy business proposes to employ at least 200 full-time employees in Kansas within five years, as defined in K.S.A. 74-50,114, and amendments thereto.

(6) (8) "Gross compensation" means gross wages and benefits paid to or on behalf of employees receiving wages.

(7) (9) "Secretary" means the secretary of commerce.

(d) A person, corporation, partnership or other entity proposing to undertake an eligible project or, eligible aviation project or eligible wind or solar energy project may apply to the secretary to enter into an agreement for benefits under this act. The application shall include (1) evidence that the applicant is an "eligible business" or "eligible aviation business" or "eligible wind or solar energy business" as defined in subsection (c) and (2) a detailed description of the eligible project or, eligible aviation project or eligible wind or solar energy project.

(e) Upon receipt of an application described in subsection (d), if the secretary finds that the application is from an eligible business or, eligible aviation business or eligible wind or solar energy business and that the project constitutes an eligible project or, eligible aviation project or eligible wind or solar energy project, the secretary may enter into an agreement with the eligible business or, eligible aviation business or eligible wind or solar energy business for benefits under this act. Such agreement for benefits shall be subject to review and approval of the state finance council created by K.S.A. 75-3708, and amendments thereto. The agreement shall commit the secretary to request that the Kansas development finance authority issue bonds pursuant to the Kansas development finance authority act, K.S.A. 74-8901 et seq., and amendments thereto, to finance the eligible project for the benefit of the eligible business in an aggregate principal amount not to exceed \$500,000,000, plus costs of issuance, costs of credit enhancement, reserve funds and capitalized interest, or in the case of an eligible aviation project in a principal amount not to exceed \$33,000,000 for a single eligible aviation project or in the case of an eligible wind or solar energy project in a principal amount not to exceed \$5,000,000 for a single eligible wind or solar energy project and in an aggregate principal amount not to exceed \$150,000,000 for all eligible aviation, wind or solar energy projects, plus costs of issuance, costs of credit enhancement, reserve funds and capitalized interest, and shall commit the eligible business or, eligible aviation business or eligible wind or solar energy business to pay the principal of and interest on such obligations, except that during the period from the issuance of such bonds through the maturity of such obligations but not to exceed 20 years revenue realized from withholding upon Kansas wages paid by the eligible business or, eligible aviation business or eligible wind or solar energy business pursuant to K.S.A. 79-3294 et seq., and amendments thereto, which is necessary to pay the principal and interest on such obligations shall be credited to the special economic revitalization fund created in subsection (h), and shall be transferred by the state treasurer to pay principal and interest on such obligations as provided by law. The agreement shall further specifically provide that if the revenue from the withholding upon Kansas wages is insufficient to pay principal and interest on the bonds, the eligible business or, eligible aviation business or eligible wind

or solar energy business shall remain obligated to make such payments. The terms and conditions with respect to the obligations shall be set forth in the agreement or in the financing documents relating to the issuance of the bonds. In the event the eligible business or, eligible aviation business or eligible wind or solar energy business terminates, cancels or reduces the scope of the eligible project or, eligible aviation project or, eligible wind or solar energy project approved by the secretary, the agreement shall provide that with respect to debt service, the eligible business or, eligible aviation business or eligible wind or solar energy business shall remain responsible for payment of the entire outstanding principal as well as any interest still outstanding, and no moneys remaining in the special economic revitalization fund shall be made available for the purpose of paying the remaining principal and interest portion of the eligible business' or, eligible aviation business' or eligible wind or solar energy business' debt service obligation.

(f) Income tax refunds and balances due resulting from withholding upon Kansas wages paid by the eligible business or, eligible aviation business or eligible wind or solar energy business pursuant to K.S.A. 79-3294 et seq., and amendments thereto, shall be reconciled on at least an annual basis by a method defined in the agreement described in subsection (e).

(g) The Kansas development finance authority is hereby authorized to issue obligations, for the purpose of financing the eligible project or, eligible aviation project or eligible wind or solar energy project provided in subsection (e), in a principal amount not to exceed the amount specified in subsection (e). The maximum maturity of bonds issued pursuant to this act shall be 20 years, unless the secretary shall find and determine that a maturity greater than 20 years, but in no event greater than 30 years, is necessary for economic feasibility of the eligible project or, eligible aviation project or eligible wind or solar energy of the eligible business or, eligible aviation business or eligible wind or solar energy business.

(h) The state treasurer shall credit all revenue collected or received from withholding upon Kansas wages paid by a taxpayer which is an eligible business or eligible aviation business with respect to an eligible project or, eligible aviation project or eligible wind or solar energy project, as certified by the secretary, to the special economic revitalization fund, which fund is hereby created in the custody of the state treasurer but shall not be a part of the state general fund. Distributions from the special economic revitalization fund shall be used to pay principal and interest on the bonds as authorized pursuant to this act and shall not be subject to appropriation. On or before the 10th day of each month, the director of accounts and reports shall transfer from the state general fund to the special economic revitalization fund interest earnings based on: (1) The average daily balance of moneys in the special economic revitalization fund for the preceding month; and (2) the net earnings rate of the pooled money investment portfolio for the preceding month. The provisions of this section shall expire when all principal and interest on obligations issued for the purpose of financing all or a portion of the costs of an eligible project or, eligible aviation project or eligible wind or solar energy project has been paid. Moneys credited to the special economic revitalization fund in accordance with the foregoing provisions shall be distributed to or on the order of the Kansas development finance authority to pay principal and interest on bonds issued to finance an eligible project or, eligible aviation project or eligible wind or solar energy project. The state treasurer shall make such distributions on such dates as mutually agreed to by the Kansas development finance authority, the paying agent for such obligations and the state treasurer. The total of all distributions under this section shall not exceed an amount determined to be sufficient to pay the principal and interest on such bonds.

(i) The eligible business or, eligible aviation business or eligible wind or solar energy business shall not be allowed to participate in the IMPACT act or program pursuant to K.S.A. 74-50,102 et seq., and amendments thereto, with respect to the eligible project or, eligible aviation project or eligible wind or solar energy project. The secretary may include provisions in the agreement described in subsection (e) to limit or reduce the amount of eligible credits, including but not limited to those allowed pursuant to K.S.A. 79-32,160a, 79-32,182b or 79-32,206, and amendments thereto, on the investment of the proceeds of the bonds issued under this act. Nothing in this subsection shall be construed to prohibit

↗ or eligible wind or solar energy business

the eligible business or, eligible aviation business or *eligible wind or solar energy business* from receiving credits allowed by law for any investment not related to bonds issued pursuant to this section.

(j) All hiring and use of the employees described in subsection (c)(5)(C) by an eligible business in connection with an eligible project, or described in subsection (c)(3)(C) by an eligible aviation business in connection with an eligible aviation project or *an eligible wind or solar energy business, as described in subsection (c)(7)*, shall be subject to post audit under the legislative post audit act, and amendments thereto. All audit expenses incurred shall be charged to and paid by such eligible business or eligible aviation business. All moneys received for such audit expenses shall be deposited in the state treasury and credited to the audit services fund of the division of post audit. The division of post audit is hereby authorized to conduct the audit work authorized by this section in accordance with the provisions of the legislative post audit act, and amendments thereto.

(k) Bonds issued under this section shall not be used to provide for or to increase compensation packages, rewards, bonuses, pensions, enhanced retirement, stock options, buyouts or substantial severance pay or other financial benefits to any chief executive officer, chief financial officer or any officers of the company.

(l) The agreement described in subsection (e) shall include a provision requiring the eligible business or eligible aviation business to agree that (1) the eligible business or, eligible aviation business or *eligible wind or solar energy business* shall be subject to post audit under the legislative post audit act, and amendments thereto, (2) the eligible business or, eligible aviation business or *eligible wind or solar energy business* shall pay audit expenses and (3) the eligible business or, eligible aviation business or *eligible wind or solar energy business* shall not limit access to information required under the legislative post audit act, and amendments thereto.

(m) The secretary shall report to the state finance council on any new agreements entered into between the secretary and an eligible business or, eligible aviation business or *eligible wind or solar energy business* pursuant to this section.

(n) No new eligible project or, eligible aviation project or *eligible wind or solar energy project* shall be approved for financing under the provisions of this section on or after July 1, 2013.

Sec. 2. K.S.A. 2008 Supp. 74-50,136 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body.

(Signature)
President of the Senate

(Signature)
Secretary of the Senate

Passed the HOUSE
(Signature)
Speaker of the House

(Signature)
Chief Clerk of the House

APPROVED
(Signature)
Governor

3-4



State of Kansas Workforce System Putting Kansas to Work

House Economic Development & Tourism Committee
By Caleb D. Asher, Deputy Secretary
of Workforce Development
January 25, 2010

KANSASWORKS.com

Key Workforce Partners

- Kansas Department of Commerce
 - Workforce Development (State Administrator)
- State Workforce Board
- Local Workforce Investment Boards (LWIBs)
- Kansas Department of Labor
- Other State Agencies
- Kansas Board of Regents
 - Technical Education Authority
- Kansas Department of Education

KANSASWORKS 1

Service Delivery

- Five Local Workforce Investment Boards
- 25 Workforce Centers
- KANSASWORKS.com (online services)
 - Job Postings (More than 13,000 jobs posted)
 - Résumés
 - Assessments
 - Training Options
- KANSASWORKS Virtual Services
- KANSASWORKS Mobile Center

KANSASWORKS 2

Workforce System Branding

- In April 2008, the KANSASWORKS State Board approved a state brand to be used by all local workforce operators, boards and locations – KANSASWORKS
- The purpose is to establish and sustain broad awareness in the marketplace with effective outreach and customer relations throughout the workforce system.

KANSASWORKS 3

Integration and Functional Management

- Eliminate the program and staffing silos between Wagner Peyser and WIA program funding sources.
- Provide seamless services for business and job seeker customers.
- Functional management allows one person to direct daily operations of the workforce center without program silo barriers.
- Increase responsiveness to customer needs.

KANSASWORKS 4

Goals of Integration

- Reduce administrative overhead costs associated with duplicative programs/services.
- Allow staff flexibility to provide services that better match the needs of businesses.
- Increase the quality and number of services, which will increase the numbers served.
- Assist businesses and recruit skilled workers by increasing the number of job candidates who receive training services (demand-driven).

KANSASWORKS 5

Economic Development & Tourism

Date: 1-25-10

Attachment # 4-1

Greater Training Capacity

- Continue to build on strong relationship with Board of Regents
 - Share employee between the two organizations
 - Support the work of the Technical Education Authority
 - Program Alignment
 - Industry Credentials
 - Marketing Initiatives
- Demand Driven Training and Workforce System

 KANSASWORKS 6

Connecting Online Services

- In an effort to better serve customers, various online resources are being connected.
- The following Web services will be folded into **KANSASWORKS.com**:
 - Unemployment Insurance – online claimants
 - Kansas Career Pipeline – career assessment
 - Career Zoom – technical training locations in Kansas
 - Coalition for Kansas Careers – course catalog of online technical courses from public colleges

 KANSASWORKS 7

Successful Outcomes

- More Kansans are using the **KANSASWORKS** system today than ever before due in part to branding and integration.
 - Dec. 2009: 170,370 Kansans used the system, an increase of 63,000 from Dec. 2008.
 - Oct. 2009: 192,000 Kansans used the system (the most ever), an increase of 87,000 from Oct. 2008.

 KANSASWORKS 8

Successful Outcomes (continued)

- State has met or exceeded USDOL performance measures past three years
 - These measures examine adults, dislocated workers and youth who get jobs, retain jobs and how much they earn.
 - WIA and Adult Education performance was met for first time resulting in an \$788,000 grant from USDOL.

American Reinvestment and Recovery Act

- Kansas received nearly \$20 million for Workforce Services from the Recovery Act, with most dollars distributed to local area partners.
- Remaining funds were used to reinvest in areas where economic recovery is needed most, and used for statewide infrastructure improvements.
- Summer Youth Program
- The state applied for \$10 million in funding from USDOL and is awaiting a decision.

Going Green

- Reached out to local areas to better understand types of local green jobs.
- KDOL "Green Jobs Survey"
- Formed the State Energy Sector Partnership
- Energy Policy Subcabinet
- Technical and Community College System



Agency Overview Fiscal Year 2009

House Economic Development & Tourism Committee
By William R. Thornton, Acting Secretary
and John J. Watson, Director of International Trade
January 25, 2010

Mission Statement

To deliver the highest level of business development, workforce and marketing services to build a healthy and expanding Kansas economy.

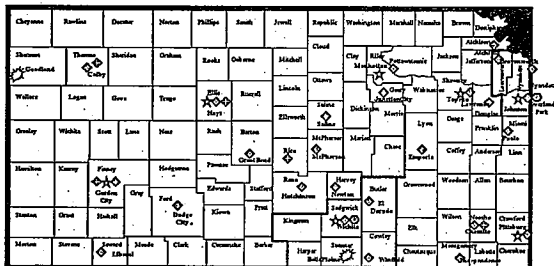
Divisions

- Business Development
- Rural Development
 - Agriculture Marketing Development
 - Community Development
 - Office of Rural Opportunity
- Travel & Tourism
- Workforce Services
- Trade Development

Commissions and Offices

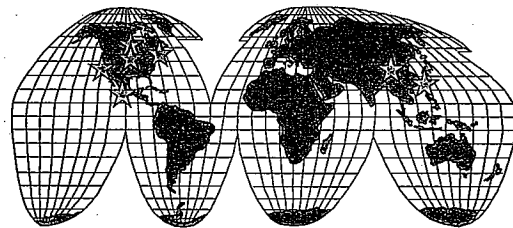
- Kansas Athletic Commission
- Kansas Commission on Disability Concerns
- Kansas Film Commission
- Office of Minority and Women Business Development

In-State Field Offices



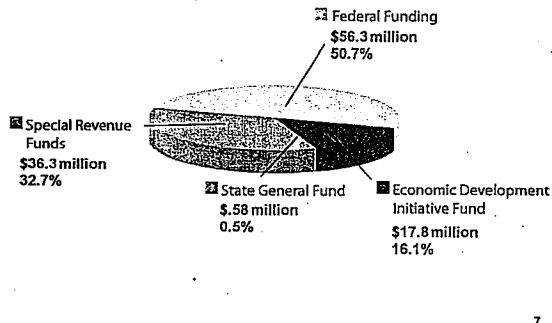
★ Business Development Field Office (7) Ⓢ Office of Rural Opportunity Field Offices (4)
 ✪ Travel Information Center (2) Ⓢ Trade Development Field Office (2)
 Ⓢ KANSASWORKS Center (26)

National and International Offices



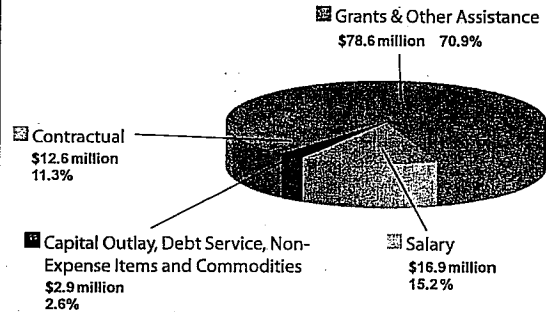
- West Coast Office – Los Angeles
- Great Lakes Office – Chicago
- East Coast Office – New York
- Mid-Central Office – Overland Park
- Japan Office – Tokyo
- Mexico Office – Mexico City
- China Office – Beijing

Revenue Sources



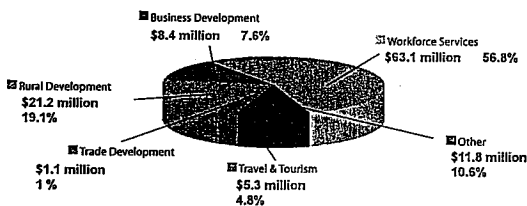
7

Expenditures by Object



8

Expenditures by Division



9

Priority Economic Industries

The Department works to grow all sectors of the economy, with a focus on the following sectors:

- Advanced Manufacturing (aviation, etc.)
- Agriculture
- Bioscience (animal science, pharmaceuticals, etc.)
- Energy (traditional and renewable sources)
- Professional Services (banking, engineering, etc.)

10

Federal Stimulus Act Activities

The Department assumed new duties per the American Reinvestment and Recovery Act:

- Workforce Services administered an extra \$18.4 million to address various labor-related issues.
- Rural Development administered two new federal programs – the Neighborhood Stabilization Program and the CDBG-R Program – to help communities hit hardest by the housing crisis.
- Rural Development Division began Connect Kansas, an initiative to bring high-speed Internet to underserved areas in rural Kansas.

11

Business Development

Goal:

- To encourage job creation and capital investment in Kansas through the recruitment of out-of-state firms, the expansion of existing Kansas companies and the creation of new companies.

Products and services:

- Direct financial incentives, including various tax credits and low-interest loans.
- Site location consultation and cost-benefit analysis
- Assistance in working with State regulatory agencies and community organizations

12

Business Development

Fiscal Year 2009 highlights:

- Involved in 43 recruitment projects in which Kansas was competing with other states. These projects resulted in:
 - 8,401 jobs created/retained
 - \$534 million in capital investment
- Major new recruitment successes include:
 - Johnson Controls (Wichita)
 - Siemens Energy (Hutchinson)
 - Garmin (Olathe)
 - Black & Veatch (Overland Park)

13

Business Development

Fiscal Year 2009 highlights (continued):

- Involved in 150 expansions of existing Kansas companies. These projects produced:
 - 3,921 retained jobs at \$16.38 per hour
 - \$1 billion in capital investment
- Major expansions include:
 - Goodyear (Topeka)
 - Gates Corporation (Iola)
 - Deluxe Corporation (Lenexa)
 - Systemair Manufacturing (Lenexa)
 - Neodesha Plastics (Neodesha)

14

Business Development

Combined Fiscal Year 2009 results for our Business Recruitment and Business Expansion teams:

- 190 companies recruited/expanded
- 12,322 jobs created/retained
- \$1.53 billion in capital investment

15

Business Development

Fiscal Year 2009 Media Accolades:

- **CNBC** ranks Kansas No. 7 for business (July '09)
- **Business Facilities** ranks Kansas No. 9 for biotechnology (July '09)
- **Pollina** names Kansas a Top 10 state for business (June '09)
- **Trade & Industry Development** ranks two Kansas projects among nation's best (March '09)
- **Area Development** awards Kansas third straight Silver Shovel (May '08)
- **Site Selection** names Kansas a Top 10 state for capital investment (May '08)

16

Rural Development

Goal:

- To elevate the focus on rural development and encourage collaboration among rural groups.

Sub-Divisions:

- Agriculture Marketing
- Community Development
- Office of Rural Opportunity

Programs and services:

- Simply Kansas
- Value Added Loan
- CDBG programs
- Agritourism development
- Main Street
- And others...

17

Rural Development: Agriculture Marketing

Goal:

- To enhance the value of Kansas ag products through new uses and marketing, providing greater returns to Kansas producers and rural communities.

Programs and services:

- Simply Kansas trademark program
- International trade assistance
- Value Added Loan program
- Agritourism assistance

18

Rural Development: Agriculture Marketing

Fiscal Year 2009 highlights:

- Fully staffed the Office of Rural Opportunity.
- Awarded \$264,600 in Value Added Grants/Loans to eight groups, who totaled \$128 million in sales.
- Registered dozens of new agritourism vendors, bringing the total number to 274.
- Assisted in the establishment of four new wineries, bringing the total number to 19.
- Registered more than 100 new members in the Simply Kansas trademark program.

19

Rural Development: Agriculture Marketing

Fiscal Year 2009 highlights (continued):

- Continued to facilitate the development of renewable energy production facilities throughout Kansas. By year's end, Kansas had:
 - Eleven ethanol plants combining for 495 million gallons in annual output
 - Two biodiesel production facilities with an annual output of 6.2 million gallons

20

Rural Development: Community Development

Goal:

- To preserve and enhance the quality of life in Kansas communities by increasing their capacity to meet development and revitalization needs.

Programs and services:

- Grants through the Community Development Block Grant program and Main Street program
- Technical and planning assistance
- Tax credits for community development projects
- Development of community volunteer programs

21

Rural Development: Community Development

Fiscal Year 2009 highlights:

- Provided \$18.4 million in federal Community Development Block Grant funds to 57 projects, producing \$181.5 million in private investments, benefiting 85,440 Kansans and creating 154 jobs.
- Assisted 25 Main Street cities, resulting in:
 - 201 new or expanded businesses in downtown districts
 - 386 new jobs
 - \$25 million reinvested in downtown districts

22

Rural Development: Community Development

Fiscal Year 2009 highlights (continued):

- Per the federal stimulus bill, the Division administered two new federal programs – the Neighborhood Stabilization Program and the CDBG-R Program – designed to help communities hit hardest by the housing crisis.
- Per the stimulus bill, the Division unveiled Connect Kansas, an initiative to bring high-speed Internet to underserved areas in rural Kansas.

23

Travel & Tourism

Goal:

- To increase tourism expenditures in Kansas

Programs and services:

- Marketing
- Product development
- Research
- Industry outreach and education

24

Travel & Tourism

Fiscal Year 2009 highlights:

- Produced an expanded out-of-state tourism ad campaign that provided \$90 for each \$1 invested.
- Developed a Rural Tourism pilot program in partnership with the Kansas Sampler Foundation.
- Collaborated with KDOT to develop a new Scenic Byways marketing program that includes the *Byways Guide*, social marketing and the Kansas Lottery Painted Byways scratch game.
- Continued work on the Flint Hills Tourism Initiative and Freedom's Frontier National Heritage Area development.

25

Workforce Development

Goal:

- To link businesses, job seekers and educational institutions to ensure a pool of skilled Kansas labor

Programs and services:

- KIT, KIR and IMPACT programs
- Workforce Centers
- **KANSASWORKS.com**
- Registered Apprenticeship
- Trade Adjustment Assistance and Rapid Response

26

Workforce Development

Fiscal Year 2009 highlights:

- Administered \$18.4 in federal ARRA funds to create jobs and address workforce needs.
- Provided \$62.5 million through the KIT, KIR and IMPACT training programs to fund 112 projects.
- These projects resulted in:
 - \$276.2 million in private matching funds
 - 16,455 individuals trained
- Partnered with the Kansas Department of Labor to streamline registration for Unemployment Insurance and job-search services.

27

Trade Development

Goal:

- To help Kansas companies expand sales to foreign markets and recruit foreign companies to set up facilities in Kansas.

Programs and services:

- Organize trade delegations to foreign countries
- Provide export data and foreign market research
- Provide funds for firms to attend trade shows
- Connect Kansas companies with foreign buyers through our international trade offices
- Recruit international companies to locate in Kansas

28

Trade Development

Fiscal Year 2009 highlights:

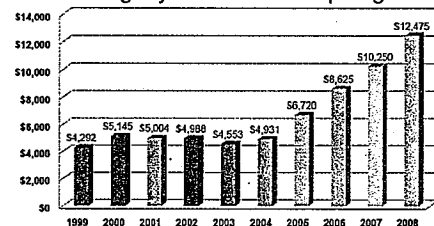
- Helped Kansas businesses achieve record-high export totals - \$12.47 billion - for the fourth straight year.
- Facilitated international investment projects that created 490 Kansas jobs and \$48 million in capital investment.
- Announced Cereal Ingredients Inc. as the winner of the 2009 Governor's Exporter of the Year Award for excellence in international marketing.

29

Trade Development

Kansas in the Global Economy:

- Kansas had a record \$12.47 billion in exports in 2008, marking the fourth straight all-time high and the fifth straight year of overall export growth.



30

Trade Development

Fiscal Year 2010 YTD Highlights:

- October/November 2009: Lead back-to-back trade missions with Governor Parkinson to Taiwan and China to advance Kansas' trade interests in Asia.
- Hosted the first in a series of 2010 statewide focus groups to get feedback from Kansas exporters on the global recession and the effect it's having on their export expansion plans.

31


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DEPARTMENT OF COMMERCE
KansasCommerce.com