

## MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Brownlee at 8:30 a.m. on January 16, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present:       April Holman, Legislative Research Department  
  Robert Nugent, Revisor of Statutes  
  Lea Gerard, Secretary

Conferees appearing before the committee:

  Charles Ranson, President, Kansas, Inc.  
  LeAnn Schmitt, Legislative Division of Post Audit  
  Steve Rarrick, Deputy Attorney General for Consumer Protection

Others attending:                See attached list.

Charles Ranson, President, Kansas Inc. appeared before the committee to give an overview of Kansas Inc. He gave the history of Kansas Inc. (Attachment 1) and the 2000 Annual Report discussing in detail issues that are important to the future of Kansas. Kansas Inc. promotes economic development statewide and to compete in global economy. Copies of the annual report can be obtained from Kansas Inc., 632 SW Van Buren, Suite 100. The Kansas, Inc. 2000 annual report discusses in detail the issues believed to be particularly important to the future of the state and the processes that are in place to respond to those challenges. Mr. Ranson pointed out at the beginning in the annual report a message from Governor Graves and his letter which introduces the report and the major item on the work plan for this year is completion of the comprehensive update to the state strategic plan for economic development. This will be the fourth strategic plan developed in the state the first being Redwood-Krider, the second in 1993, a third released in January, 1997 that actually was an exercise to establish goals and objectives for the state assuming that several years after we would come back and take what had been presented as a framework and develop the blueprint for our economic future. We are roughly half-way through the strategic plan process with a target date of June 1 for delivery of the consultants final work product. It will then be printed and published by the end of June. The recommendations and analysis will be ready for consideration by the interim joint committees and run up to the 2002 legislative session. Elsewhere in the report, we highlight several challenges that confront Kansas as we move into the 21<sup>st</sup> century. This includes issues of sustainability confronting small towns in rural Kansas, global competitiveness and investment and diffusion of information technology throughout the state. Elsewhere in the report, Mr. Ranson stated they look at three economic trends that have been measured over a period of years to compare Kansas to regional neighboring states and the nation. Those include population trends, employment trends and income per capita income trends. Kansas has done relatively well. The gap has closed in per capita income between Kansas per capita income and the national per capital income.

Charles Ranson pointed out that their legislative agenda for 2001 is to support the continuation in broadening of economic development funding that may be through re-authorization of the lottery or some other means. EDIF is the sole source of funding for economic development today and without re-authorization, there will be a very large hole that will have to be filled somehow in order to continue the program and efforts that have been successful for the state over the past years. Secondly, Mr. Ranson stated Kansas, Inc. will continue to support enactment of Legislation to meet the critical need for risk capital particularly at the C stage. Thirdly, we will support KAN-ED Legislation to accelerate diffusion of Broadband internet technology all across Kansas.

Senator Brownlee asked if there were any questions from the committee. Senator Barone asked for clarification on the chart regarding population for the surrounding states to be substantially different than the information that was pulled from the US Census Bureau. For example, you show Kansas more than 7.1%. Charles Ranson responded that from 1990 thru 1999 the population growth increased 7.1% Senator Barone stated that

information he had from 1990 through 2000 the growth was 8.5%. Mr. Ranson stated they developed the material before the 2000 Census was released, they pulled the information from the US Census website. Senator Barone stated that if the correct data would show that Kansas is growing at a lesser rate than the surrounding areas, what conclusion would you draw from that. Mr. Ranson stated that he could draw several conclusions part of which Kansas is experiencing an out-migration particularly young people. We see that in small town Kansas. There is a lack of diverse opportunities for young people to remain in Kansas and to build their careers. We need to reaffirm our commitment to diversify the economy to invest in the infrastructure technology that would make Kansas an attractive location to maintain long-time Kansans but to attract new growth.

Senator Brownlee then introduced LeAnn Schmitt from the Legislative Division of Post Audit. Ms. Schmitt gave an overview of the 2001 Performance Audit Report for economic development in Kansas. Copies of the Performance Audit Report can be obtained from the Legislative Division of Post Audit, 800 SW Jackson, Suite 1200. The audit work performed by Legislative Post Audit helps provide information on coordination and effectiveness of state programs for economic development in Kansas.

In the performance audit, the Legislative Division of Post Audit looked at how well the three main economic development agencies in the state, Kansas Inc., KTEC and KDOC are performing the roles for which they were created, and are they coordinating their economic development efforts. What benefit has the state received as a result of loans, grants and investments made under economic development programs and is there sufficient accountability over these moneys? The Legislative Division of Post Audit also looked at how does funding for economic development activities and salaries for economic development officials in Kansas compare to other states? They recommend the Legislature review the economic development funding structure to ensure that the state has appropriate commitment to economic development and towards the competition and rivalry among the three main agencies.

Regarding the State economic development funding, Senator Brownlee asked what percentage of the Ad Astra funds is public money? Ms Schmitt stated that she would get that information. Senator Brownlee asked how many loans are not being collected on by the Department of Commerce. LeAnn Schmitt stated that they were doing an excellent job of recovering the loans, we did not see any instances where they had lost a lot of money by a loan not paid back. Most of their programs are grants rather than loans. Senator Brownlee also asked how much money is in the EDIF sub-accounts? Ms Schmitt stated that she would get that information.

Senator Brownlee than introduced Steve Rarrick, Deputy Attorney General of the Consumer Protection Division. Mr. Rarrick gave an overview ([Attachment 2](#)) where he briefly discussed two sections in the Kansas Consumer Protection Act (KCPA) that addresses telemarketing and the 1998 slamming law. He will discuss some legislation that they will hear about this year on Telemarketing either through this committee or from the House side. The Telemarketing Fraud provisions contained in K.S.A. 50-671 through 50-675 provide protections and requirements for verbal agreements made by consumers with telemarketers. Provisions in K.S.A. 50-670 protect the privacy of Kansans when telemarketers call them in their homes. Regarding the slamming provisions contained in K.S.A. 50-6, 103 were passed in 1998 to eliminate slamming (the unauthorized switching of a consumer's local or long distance service) in Kansas and to resolve the inherent difficulty of proving what actually transpires in conversations between telemarketers and consumers. The Attorney General and members of the telecommunications industry have been working over the past two sessions to amend the slamming bill.

Senator Brownlee handed out a policy update from the American Legislative Exchange Council (ALEC) regarding Safeguarding Privacy in the Information Age ([Attachment 3](#)).

The meeting was adjourned at 9:35 a.m.

The next meeting is scheduled for January 17, 2001 at 8:30 a.m.

