

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Karin Brownlee at 8:30 A.M. on January 18, 2005 in Room 123-S of the Capitol.

Committee members absent: Susan Wagle-excused

Committee staff present: Kathie Sparks, Legislative Research
Susan Kannarr, Legislative Research
Helen Pedigo, Revisor Statutes
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

- Alan Conroy-Director of the Kansas Legislature Research Department
- Chris Courtwright-Principal Economist Kansas Research Department
- William R. Keeton-Assistant Vice President and Economist for the Federal Reserve Bank of Kansas

Others attending:

See Attached List.

Chairperson Brownlee opened the meeting by introducing Mike Recht representing the Kansas Chamber to explain about the bill to be introduced. (Attachment 1)

Mr. Recht stated that the bill to be introduced is making changes to the unemployment security law dealing with drug and alcohol use and testing on the job workplace. This legislation will make a refusal to submit to chemical testing or breath alcohol testing inclusive evidence of misconduct. It also strengthens policies regarding positive chemical testing. Chairperson Brownlee stated there was a bill last year and this was a portion of that bill.

Senator Schodorf made the motion to introduce the bill. Senator Reitz seconded. The motion carried.

Chairperson Brownlee turned the meeting over to Chairperson Jordan. Chairperson Jordan introduced Alan Conroy, Director of the Kansas Legislature Research Department to give an overview of the State Consensus Estimating Group and how they come to their conclusions.

Mr. Conroy gave a little background of the State Consensus Estimating Group (Attachment 2). Estimates for the State General Fund are developed using a consensus process that involves the Division of the Budget, the Legislative Research Department, the Department of Revenue, and one consulting economist from each of the following universities: the University of Kansas, Kansas State University, and Wichita State University. This estimate is the base from which the Governor and the Legislature build the annual budget.

When the Consensus Revenue Estimating Group meets, there are actually six different sets of estimates, each independently prepared by the following: Division of the Budget, Department of Revenue, Legislative Research Department, Consulting economists from KU, KSU and WSU covering the following areas: Agriculture statistics, Employment, Oil and natural gas industry, the aircraft sector, Kansas personal income forecasts and CPI-U (inflation) forecasts.

During questions and answers, the Committee discussed the need for a report two times a year, once during session and once in the interim to update the Senate Commerce Committee on what is going on in the Kansas economy in the different regions and industries along with job growth that would help the committee develop policy. Mr. Conroy stated that there is a great wealth of information from several sources and can see a need to compile all this information for all sources in user friendly form.

The committee was also concerned that according to the attachment, the prediction was for the Kansas' unemployment rate to increase. Mr. Conroy stated that the prediction was based on information that the US Department of Labor would be making changes in the way they do their calculations and by changing their methodology, this would cause the number in Kansas to increase.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce at 8:30 A.M. on January 18, 2005 in Room 123-S of the Capitol.

Chairperson Jordan introduce William Keeton, Assistant Vice President of Economic Research Department of the Federal Reserve Bank of Kansas City. Mr. Keeton gave an overview of the Kansas economy with his Presentation entitled "Update on the Kansas Economy" (Attachment 3) Mr. Keeton stated that the Kansas economy has continued to improve growing at a solid but not spectacular pace in 2004. Jobs and income are rising at a rate close to the national average. There are strong signs of rebounding in all areas of the economy across the state.

Meeting adjourned at 9:30 a.m. with the next meeting scheduled on January 19, 2005 at 8:30 a.m. in room 123S.