

Approved: April 29, 2005  
Date

## MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Nick Jordan at 8:35 A.M. on March 2, 2005 in Room 123-S of the Capitol.

All members were present except:

Jim Barone- excused  
Jay Emler- excused  
Susan Wagle- excused

Committee staff present:

Susan Kannarr, Kansas Legislative Research Department  
Kathie Sparks, Kansas Legislative Research Department  
Helen Pedigo, Revisor of Statutes  
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Dr. Art Hall, Executive Director, Center for Applied Economics, University of Kansas, School of Business

Others attending:

See attached list.

Chairperson Jordan opened the meeting by introducing Dr. Art Hall, Executive Director for the Center for Applied Economics at the University of Kansas School of Business to give a presentation on the Kansas Economy.

Dr. Hall referred the Committee to a publication entitled "The Kansas Productivity Puzzle" a technical report on the Kansas Economy. (Attachment 1) He stated he would be sharing recent research they had done regarding the Kansas economy. Dr. Hall stated the Kansas economy suffers from chronic low productivity growth. The 1990's included the longest economic expansion in the history of the United States. The expansion was credited in large part to a surge in labor productivity growth that started with the recovery from the 1982 recession. Workers now produce one-third more than they did in 1980; but not in Kansas. Labor productivity growth in the state has consistently lagged behind the nation for the past twenty years. As a consequence, Kansas ranks 37<sup>th</sup> out of the 50 states in economic growth.

The Kansas slow-productivity-growth puzzle is all the more puzzling, because Kansas ranks well in terms of having an educated labor force, leading all of its neighbors except Colorado in the proportion of the population with college degrees.

Dr. Hall referred the Committee to various charts and graphs in "The Kansas Productivity Puzzle". Dr. Hall reviewed page by page giving the Committee information regarding the Kansas economy comparing Kansas to the national average which show that Kansas lags the nation and the Plains states in productivity growth.

Dr. Hall stated the most promising economic clue suggests that Kansas has not fostered sufficient investment in the technologies necessary to fully utilize the skills of its educated workers.

If Kansas wants to improve their state's growth in output, wages, and population they must first solve the slow-productivity growth puzzle.

In closing, Dr. Hall stated in certain respects Kansas has the advantage over the border states but in certain respects, economic performance wise, Kansas continues to drop behind. He stated he does not have an answer for that. Upon completion of Dr. Hall's presentation a discussion occurred with the Committee regarding border towns and the tax rates in Kansas.

Chairperson Jordan called the Committee's attention to the minutes for February 11<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup> and 18<sup>th</sup> for their approval. Senator Reitz moved to approve the minutes. Senator Emler seconded. Motion

carried.

The meeting was adjourned with the next scheduled meeting on Thursday, March 3, 2005 at 8:30 a.m. in room 123S.