

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on January 10, 2007 in Room 123-S of the Capitol.

All members were present except:

David Wysong- unexcused

Committee staff present:

Amy Deckard, Kansas Legislative Research Department

Kathie Sparks, Kansas Legislative Research Department

Norm Furse, Revisor of Statutes

Mike Heim, Revisor of Statutes

Jackie Lunn, Committee Assistant

Conferees appearing before the committee:

Stan Ahlerich-Kansas, Inc.

Others attending:

See attached list.

Chairperson Brownlee welcomed the Committee Members to the 2007 Legislative Session and introduced the staff. Chairperson Brownlee also announced the Chair, Co-Chair, Ranking Democratic and Staff would meet in room 123 S tomorrow morning at 8:00 a.m. for a Committee Planning meeting. She stated that tomorrow in the Senate Commerce Committee meeting the Committee would be working on their goals and the mission statement.

Chairperson Brownlee then introduced Mr. Stan Ahlerich, President, Kansas, Inc to give an update on the Kansas Economy. Mr. Ahlerich presented written copy: the *Indicator of the Kansas Economy (IKE) Report (copy available in the office of the Committee Secretary for the Senate Commerce Committee)*, written testimony, (Attachment 1); *Trends in the Kansas Economy, 1985-2006, (Attachment 2)*; *Kansas Inc. Publication List, (Attachment 3)* Mr. Ahlerich gave a review of the IKE Report highlighting on the following variables:

- Total Nonfarm Employment
- Private Sector Employment
- Manufacturing Employment
- Service Employment
- Public Sector Employment
- Unemployment and Unemployment Rate
- Initial Claims of Unemployment
- Establishment Data
- Kansas Firm Birth and Termination
- Kansas Farm Management Association Data
- Summary of the Farm Economy
- Kansas Oil Production and Price
- Natural Gas Production and Price
- Gross State Product
- Personal Income/Per Capita Personal Income
- Chicago Fed National Activity Index (CFNAI)
- Consumer Price Index
- Kansas Consumer Sentiment-3rd Quarter 2006
- Building Permits
- Kansas Sales Tax Collections
- Population

Mr. Ahlerich stated Kansas, Inc worked with a broad range of professionals, including researchers, university professors, state program staff, and the Kansas, Inc. Board of Directors, as a set of 26 variables have been identified and review for their comprehensiveness and ability to depict key elements of the Kansas economy. Whenever possible, the regional and national data is included to illustrate how Kansas compares to both the 6-State Region and in the U.S. He went on to explain the 6-State region includes: Colorado, Arkansas, Iowa, Missouri, Nebraska and Oklahoma. And that the information in this version of IKE was collected in the time

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period beginning during 1996, enabling the data to include trends from the most recent national recession during 2001. This version includes 21 variables.

Mr. Ahlerich stated that even though Kansas lags in several of these variables in comparison to the 6-State Region and the U.S., the economy in Kansas is very good at this time.

There were several points discussed with the Committee during the review.

Upon the conclusion of the review of the IKE Report there was further discussion with the Committee. The Committee has concerns with Kansas lagging in several variables. It was noted that the three areas that are carrying the economy in the state of Kansas are: Oil, Gas and Aviation. The Committee requested additional information on the unemployment variable from Kansas, Inc. Mr. Ahlerich agreed to get the additional information requested to the Committee members.

The consensus of the Committee is that some of the initiatives of the Legislature are moving the state in the right direction.

Mr. Ahlerich turned the Committee's attention to *Trends of the Kansas Economy 1985-2006* ([Attachment 3](#)) which is a synopsis of Dr. Krider's report. He began a brief review highlighting on the following:

- The New Integrated Economy
- Innovation and Technology
- Access to Financial Capital
- Demographic and Labor Force Trends
- Changing Role of Historically Dominant Industries
- Focus on Services as a Source of New Employment Opportunities
- Growing Importance of Well-Educated and Skilled Workforce
- Continuing Lag in Personal Income
- Competitive Position and Economic Dynamism

A discussion followed regarding Dr. Krider's report. During the discussion there was some discussion regarding why Iowa was doing so much better than Kansas. The Committee requested more detailed information on Iowa compared to Kansas. The Committee also wanted a more detailed comparison with the Midwestern states and Kansas. Mr. Ahlerich agreed to get that information to the Committee members.

Upon the conclusion of the discussion Mr. Ahlerich was asked by the Committee if there was one area the State should focus on, what he would recommend. Mr. Ahlerich stated the Business tax environment would be his recommendation, adding it needed to be more competitive as it is in other states.

Chairperson Brownlee adjourned the meeting at 9:30 a.m. with the next meeting scheduled for tomorrow, January 11, 2007 at 8:30 a.m. in room 123S.