

MINUTES OF THE SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

The meeting was called to order by Chairperson Jeff Longbine at 9:30 am on Thursday, January 22, 2015, 546-S of the Capitol.

All members were present except:

Senator Laura Kelly – Excused

Senator Tom Hawk – Excused

Committee staff present:

Ellen Martinez, Kansas Legislative Committee Assistant

Melissa Calderwood-Renick, Legislative Research Department

Whitney Howard, Legislative Research Department

Eileen Ma, Office of Revisor of Statutes

Conferees appearing before the Committee:

Jason Brown, Senior Economist, Federal Reserve Bank of Kansas City

George A Kahn, Vice President and Economist Federal Reserve Bank of Kansas City

Others in attendance:

[See Attached List](#)

Bill introductions

Lee Wright with Farmers Group, Inc, made a bill introduction request that would allow auto insurers an additional method for tracking a policy termination notice by using U.S. Postal Service intelligent mail barcode (IMB). It would still permit the mail tracking methods currently allowed in the existing statute. The intent is simply to allow auto insurers the opportunity to take advantage of newer technology.

Senator Wilborn moved to accept the bill introduction and Senator Bowers seconded the motion. The motion passed.

Overview on The Kansas, Regional, and National Economy

Jason Brown, Senior Economist, for the Federal Bank of Kansas City gave an overview of the economic outlook of Kansas. Consumer spending continues to grow at a modest pace while debt levels remain flat. The decline in average mortgage debt per consumer has slowed over the past year. Auto debt fell during the initial part of the recovery, but has continued on an upward trend since mid 2011. Student loan debt has steadily grown over the past decade, while recently the rate of growth had slowed.

Job gains continue in Kansas, but the pace of growth has lagged in the U.S. for over a year. Job gains have varied by metropolitan areas within Kansas. Professional and business services has been a bright spot, while the retail and manufacturing sectors continue to shed jobs.

Consumer spending is growing at a modest pace. Kansas is experiencing varying employment growth across sectors and metros, with the pace of growth slower compared to the nation. Falling oil prices have led to lower levels of drilling with expectations for declining production. Farm incomes are expected to be lower for crop producers, but higher for livestock. ([Attachment 1](#))

CONTINUATION SHEET

MINUTES of the Committee on Financial Institutions and Insurance at 9:30 am on Thursday, January 22, 2015, 546-S of the Capitol.

George A. Kahn, Vice President and Economist, Federal Reserve Bank of Kansas City, gave an overview of the U.S. economic outlook. The U.S. economy grew robustly in 2014. Labor markets continue to heal, and slack is diminishing. Measures of inflation remain below the 2% goal, but are forecast to rise. Growth momentum across major economies has diverged.

Real GDP grew 5% in Q3. Employment is rising at a solid pace. 3,000,000 jobs were created. The unemployment rate is projected to reach its longer-run level in late 2015; the number of unemployed workers per job opening is at its lowest since the recession. Retail sales are growing at a moderate pace and consumer sentiment continues its upward trend. Industrial production has reached new highs. Orders for capital equipment remain above shipments. Growth momentum has diverged, while growth is stalling in Europe and inflation is falling. The U.S. dollar has strengthened against major currencies. Lower oil and gas prices will support consumer spending and dampen inflationary pressure.

Inflation is projected to return gradually towards 2%. The federal funds rate target remains near zero. ([Attachment 2](#))

There being no further business, Senator Longbine adjourned the meeting at 10:25 A.M.