

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 20, 2006 in Room 123-S of the Capitol.

All members were present except:
Jay Emler- excused

Committee staff present:
Jennifer Thierer, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:
Kelly Emiston, Senior Economist, Federal Reserve Bank of Kansas City

Others attending:
See attached list.

To read testimony submitted by conferees go to
<http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee>.

SB 612—Discrimination in employment; victims of domestic violence and sexual abuse; authorizing enforcement and rules and regulations authority for the secretary of labor

SB 501-- Establishment of the Kansas Tourism Corporation

Chairperson Brownlee updated the Committee on the meeting tomorrow; she stated they would be hearing **SB 612** and working **SB 501**.

Chairperson Brownlee also announced to the Committee that Kelly Emiston from the Federal Reserve Bank in Kansas City is here to give an update on the Kansas economy. She then recognized Mr. Emiston to present his update. Mr. Emiston presented written copy (Attachment 1) which can be found in its entirety on the link listed above. He reviewed the charts and graphs contained in his testimony for the Committee. During his review he stated he wanted to give a telephone number to get assistance with foreclosures, 1.888.995.HOPE, stating this number was a national hotline for free counseling on dealing with a foreclosure. He stated the foreclosure problem is not as bad as it is in some of the other states.

Mr. Emiston had discussion with the Committee at the end of each section of update and upon the conclusion of his presentation the discussion continued. It was noted that the website for the feds is www.kansascityfed.org. The stimulus package was discussed and what impact it will have on Kansas. Mr. Emiston stated the way it is designed, the initial influx of cash will increase sales to some degree in the state. It was noted that Kansas City was the powerhouse of the state four years ago and was growing but now Wichita is the powerhouse because of the aviation industry. The Committee wanted to know what had happened in Kansas City to slow it down. Mr. Emiston stated that he did not feel that Kansas City had slowed but that Wichita has sped up. The Committee also had an interest in the number of foreclosures in the state and a map that Mr. Emiston was referring to during his presentation. Mr. Emiston stated he would leave a copy of the map which shows the foreclosures across the state by counties with the Chair after the meeting. Chairperson Brownlee thanked Mr. Emiston for coming and adjourned the meeting at 9:30 a.m. with the next meeting scheduled for February 21, 2008 at 8:30 a.m. in room 123 S.

Update on the National, Regional, and Kansas Economies

Kelly D. Edmiston[†]
Senior Economist
Federal Reserve Bank of Kansas City

Senate Commerce Committee
Kansas Legislature

House Economic Development Committee
Kansas Legislature

Topeka, KS
February 20, 2008

[†] The views in this presentation are those of the presenter and do not necessarily reflect the views of the Federal Reserve Bank of Kansas City or the Federal Reserve System. The presenter can be contacted at (816) 881-2004 or kelly.edmiston@kc.frb.org.

Senate Commerce Committee
February 20, 2008

Attachment 1-1

Table 1
The U.S. Economic Picture

Variable	2005 ^{a,b}	2006 ^{a,b}	2007 ^{b,c}	2007Q4 ^{c,d}	2008F ^a	2009F ^a
GDP (Mean)	3.1	2.9	2.2	0.6	2.0	2.7
GDP (Std. Dev.)	-	-	-	-	0.5	0.5
GDP (Low)	-	-	-	-	0.8	1.4
GDP (High)	-	-	-	-	2.6	3.4
CPI	3.4	3.2	2.8	4.1	2.8	2.1
PPI	4.9	2.9	3.9	6.8	3.8	1.7

^a Source is *Consensus Forecasts USA*, January 14, 2008
^b Average percentage change on previous calendar year
^c Sources are U.S. Bureau of Economic Analysis and U.S. Bureau of Labor Statistics
^d Annual rate

Chart 1
The Federal Reserve's Tenth District (10J)

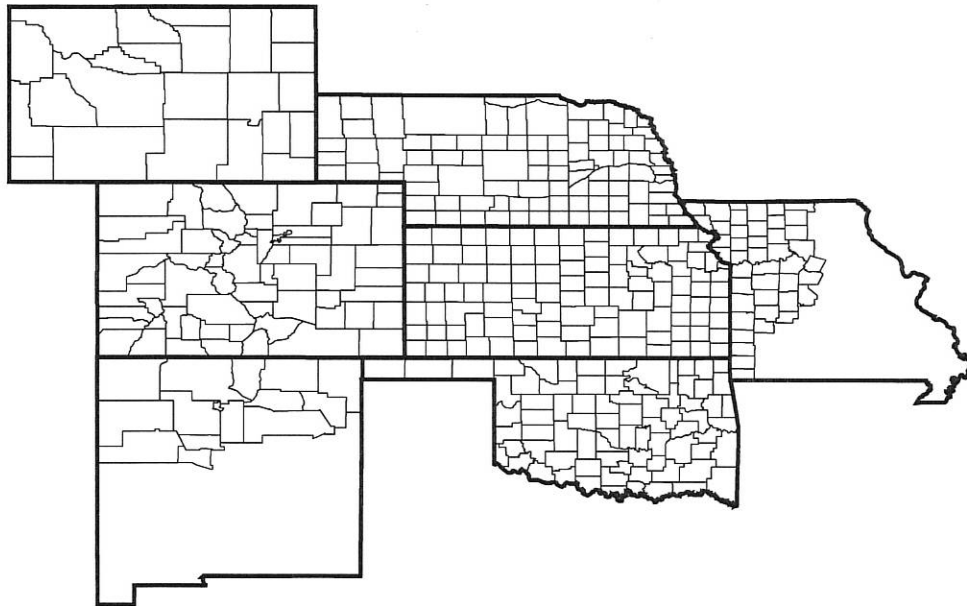
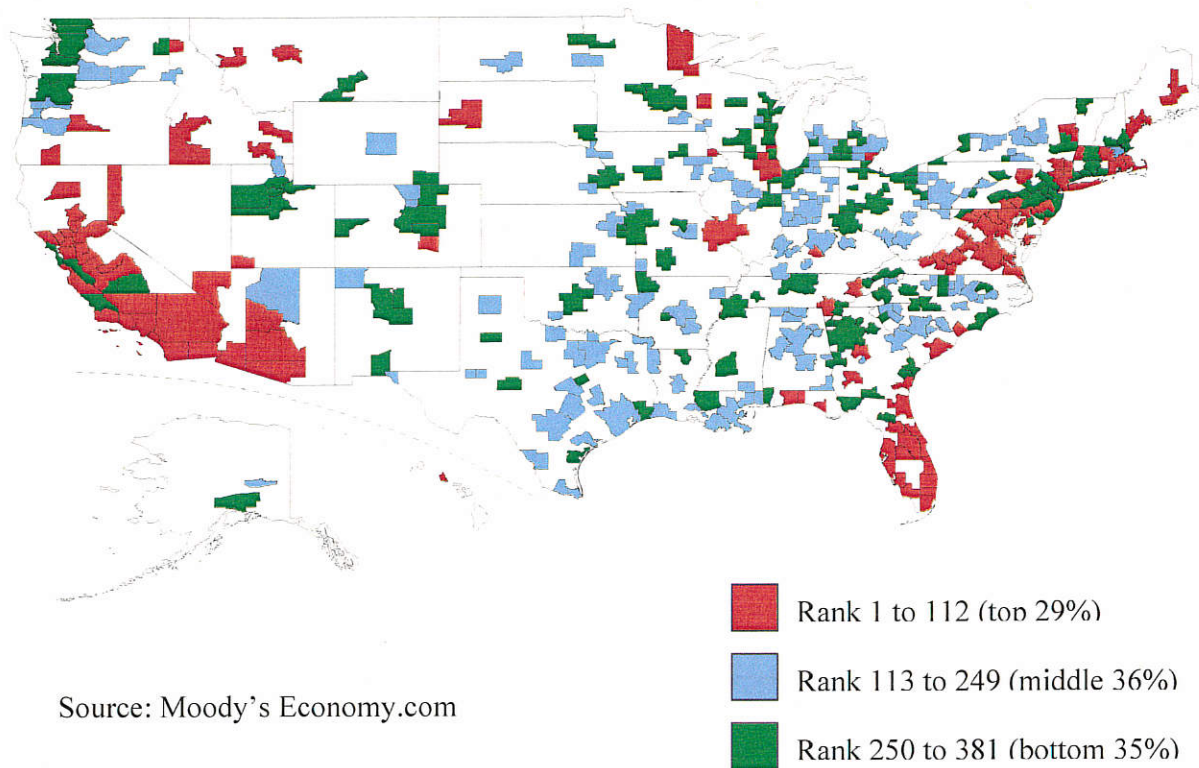
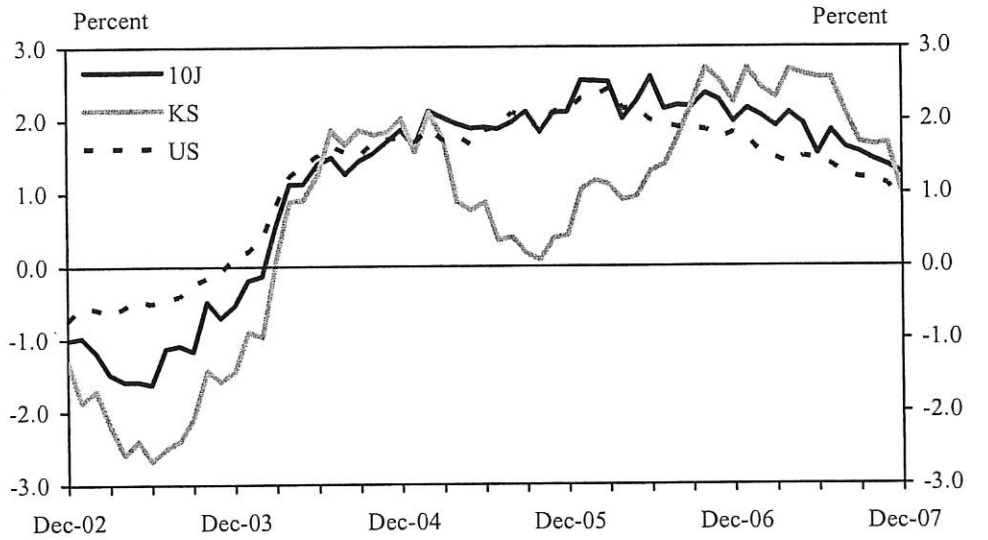


Chart 2
Regional Risks of Recession



Source: Moody's Economy.com

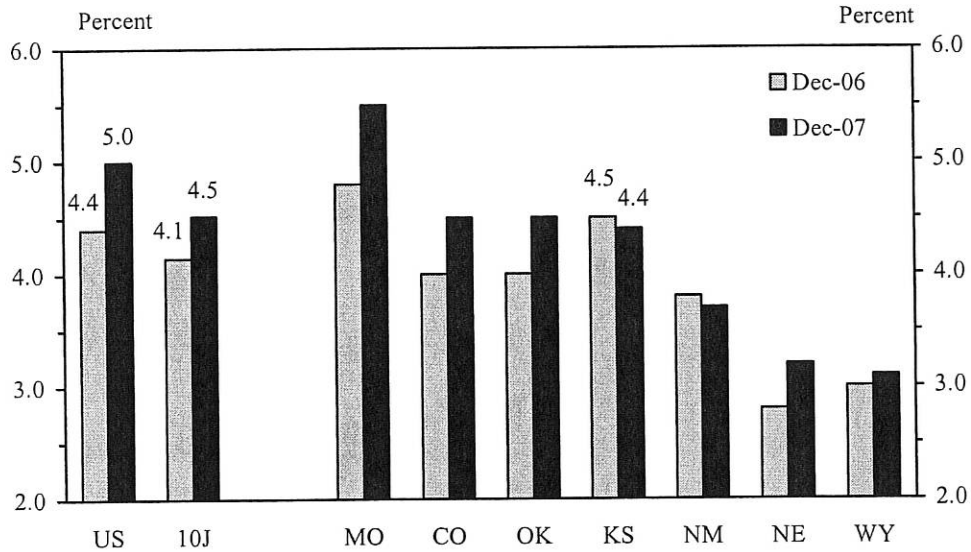
Chart 3
Private Employment Growth
 Year-over-year



Source: U.S. Bureau of Labor Statistics

Latest Release: 01/18/2008

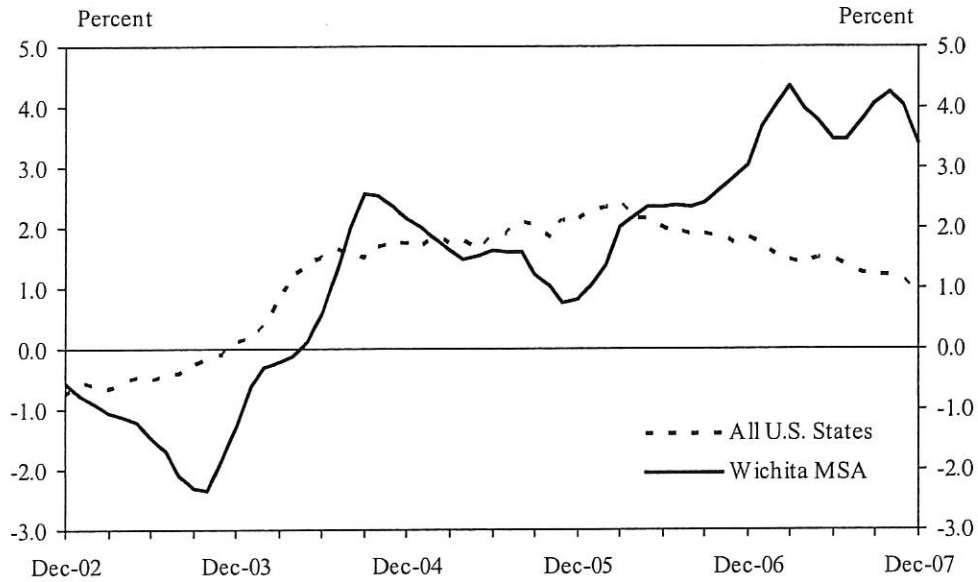
Chart 4
Unemployment Rate
 U.S. and Federal Reserve 10th District States



Source: U.S. Bureau of Labor Statistics

Latest Release: 01/18/2008

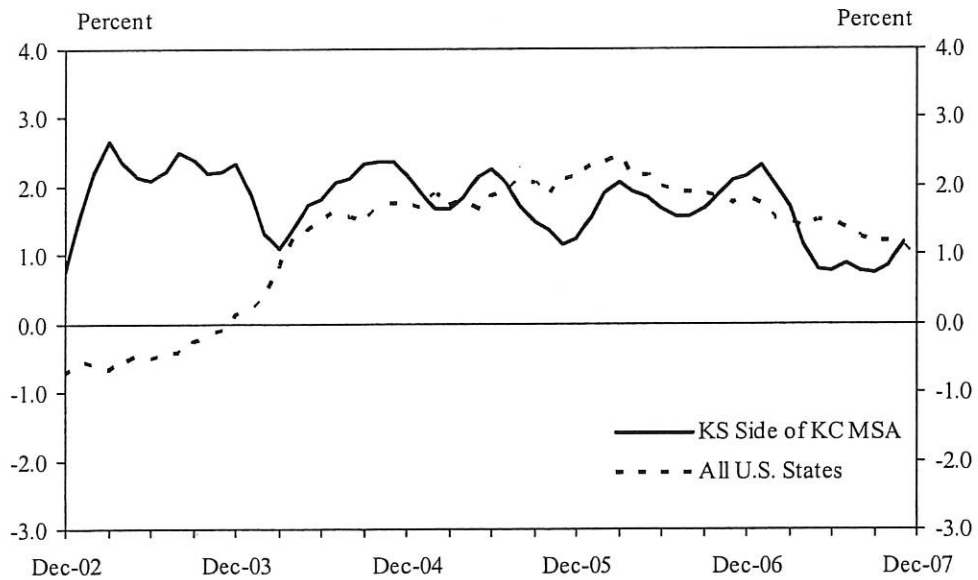
Chart 5
Private Employment Growth, Wichita
 Year-over-year, 3-month moving average



Source: U.S. Bureau of Labor Statistics

Latest Release: U.S. 01/18/2008

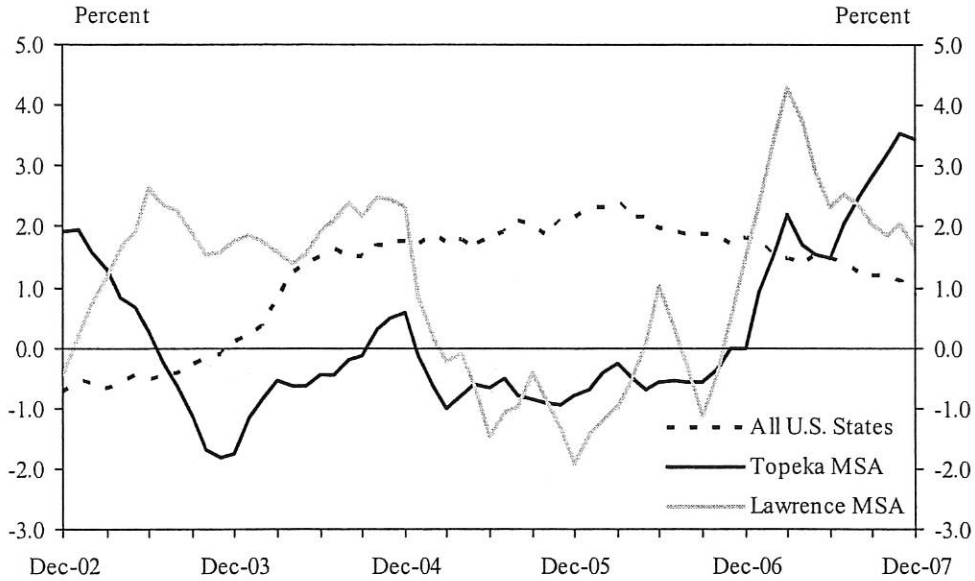
Chart 6
Private Employment Growth, Kansas City
 Year-over-year, 3-month moving average



Source: U.S. Bureau of Labor Statistics

Latest Release: U.S. 01/18/2008

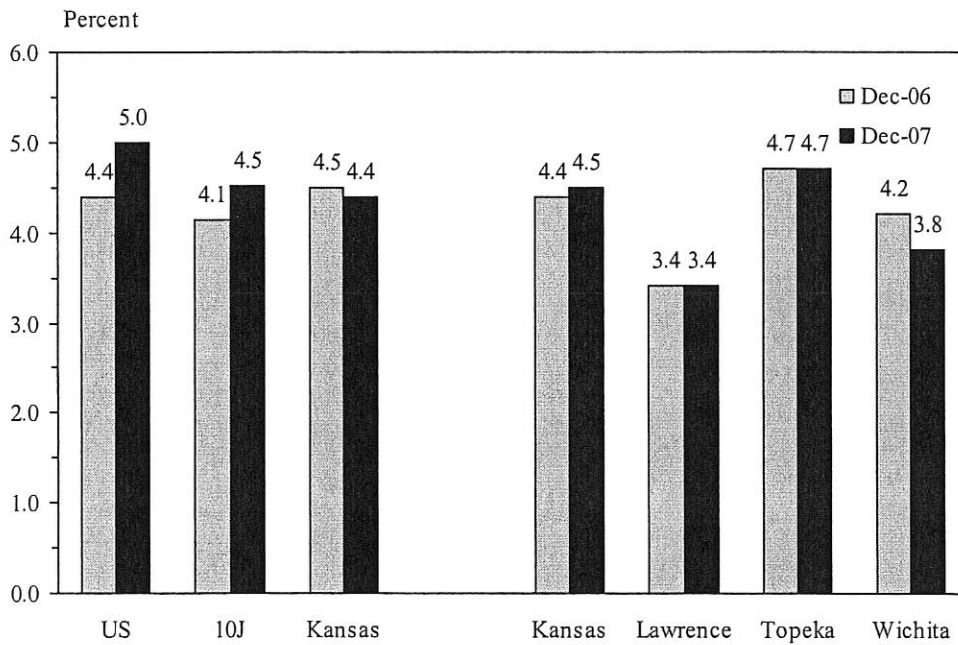
Chart 7
Private Employment Growth, Topeka and Lawrence
 Year-over-year, 3-month moving average



Source: U.S. Bureau of Labor Statistics

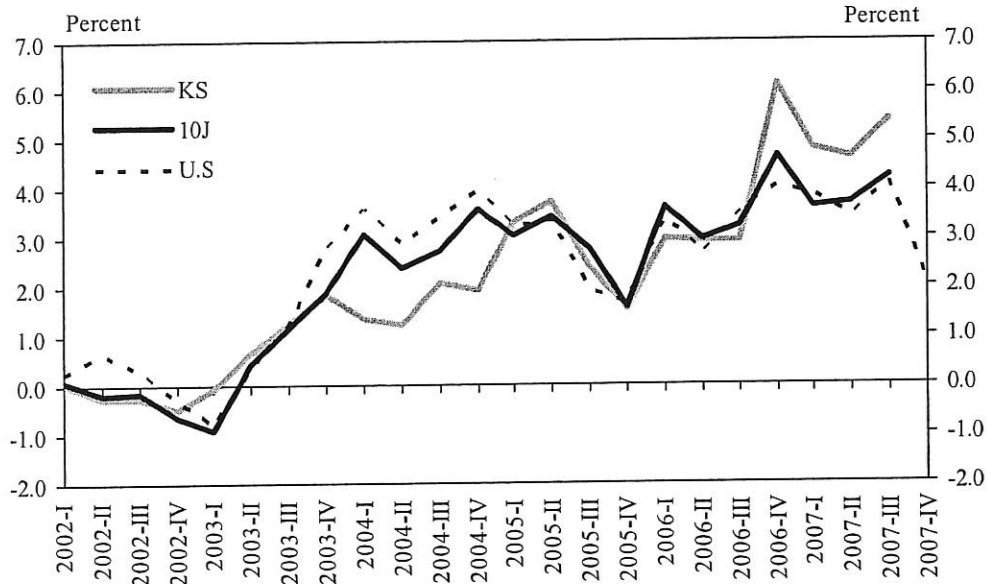
Latest Release: U.S. 01/18/2008

Chart 8
Unemployment Rates, Kansas MSAs



Source: U.S. Bureau of Labor Statistics

Chart 9
Inflation-Adjusted Personal Income Growth
 Year-over-year



Source: U.S. Bureau of Economic Analysis (Income), U.S. Bureau of Labor Statistics (Inflation)

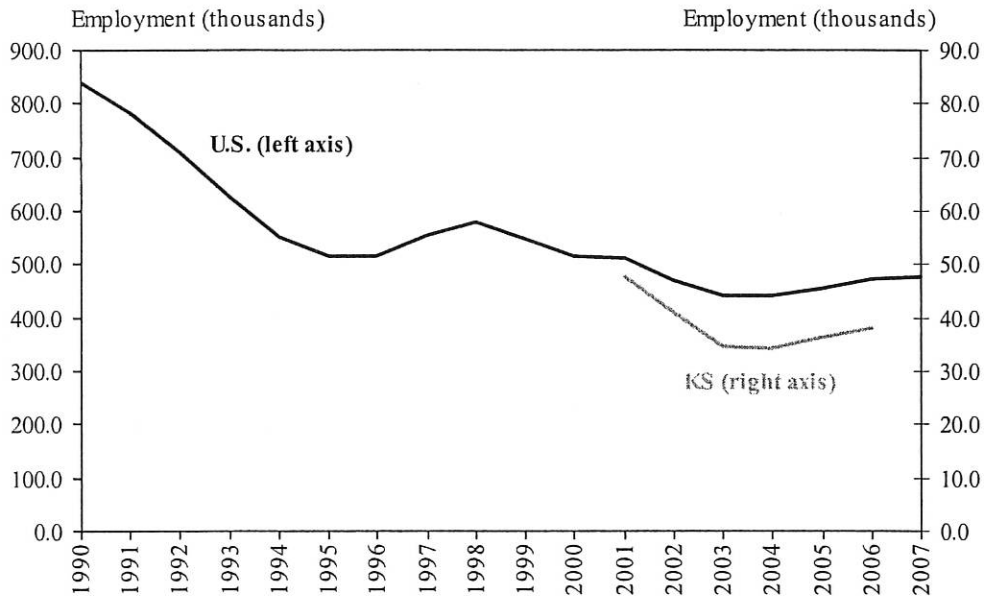
Table 2
Kansas' Defining Industries

Rank	Industry Name	LQ	Average Wage (2006)	Avg. Employment Growth 1990 – 2005	Employment Growth 2005 – 2006
1	Aerospace product and parts manufacturing	7.8	\$70,204	(0.7)	5.2
2	Farm product raw material merch.	7.0	\$32,353	(1.3)	(6.0)
3	Cattle ranching and farming	3.8	\$31,451	3.0	2.0
4	Animal slaughtering and processing	3.6	\$13,104	1.7	1.9
5	Wired telecommunications carriers	3.6	\$81,129	3.6	1.7
6	Ag., construction, and mining machinery	3.1	\$40,443	0.3	(4.5)
7	Farm proprietors	3.0	n.d.	(0.6)	n.d.
8	Rail transportation	2.4	n.d.	(2.8)	n.d.
9	Office administrative services	2.4	\$54,155	7.4	18.5
10	Medical and diagnostic laboratories	2.0	\$46,677	10.3	(1.0)
11	Oil and gas extraction	1.8	\$54,510	(1.5)	11.3
12	Executive, legislative, and general government	1.7	\$31,685	1.3	0.4
13	Printing and related support activities	1.6	\$38,805	0.2	(1.8)
14	Community care facilities for the elderly	1.6	\$18,991	3.8	0.4
15	Machinery and supply merchant wholes.	1.5	\$44,084	1.0	0.7

Sources: Chad R. Wilkerson and Megan D. Williams, "The Tenth District's Defining Industries: How Are They Changing," *Federal Reserve Bank of Kansas City Economic Review*, 92(3), 2007, qtr. 3, 59 – 81. U.S. Census Bureau, Quarterly Census of Employment and Wages.

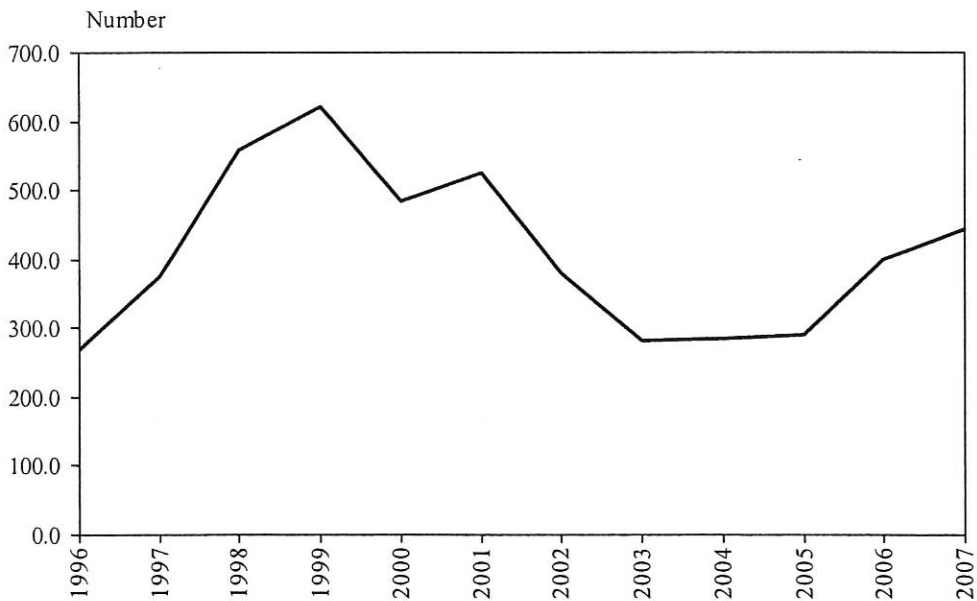
Notes: n.d. indicates no data available

Chart 10
Aerospace Industry Employment



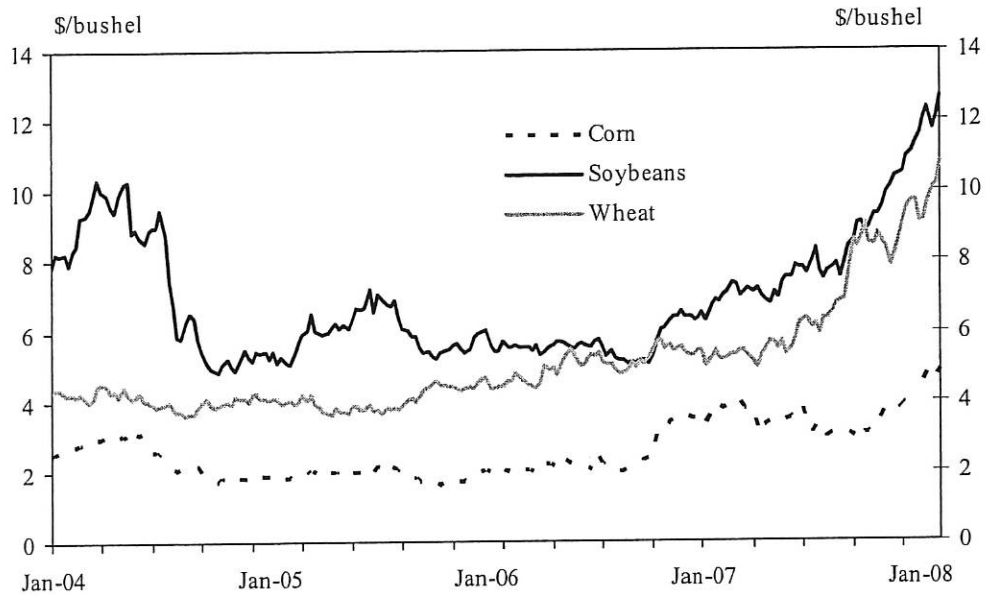
Sources: Aerospace Industries Association (U.S.); U.S. Census Bureau, Quarterly Census of Employment and Wages (KS)

Chart 11
Shipments, U.S. Civil Jet Transport Aircraft



Source: Aerospace Industries Association

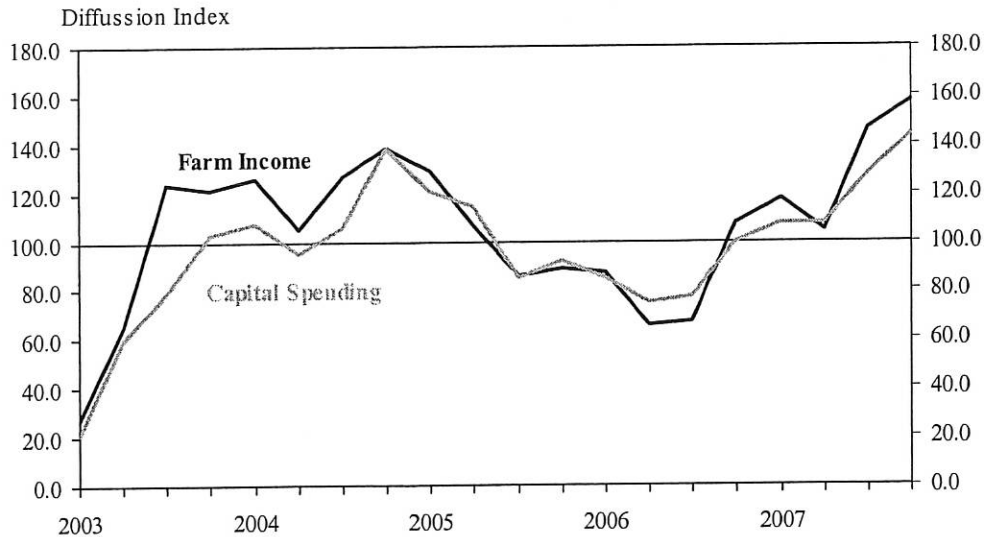
Chart 12
U.S. Crop Prices



Source: Wall Street Journal

Through week ending 02/05/08

Chart 13
Kansas Farm Income and Capital Spending



Note: Bankers responded to each item by indicating whether conditions during the current quarter were higher than, lower than, or the same as in the year-earlier period. The index numbers are computed by subtracting the percent of bankers that responded

Source: Federal Reserve Bank of Kansas City, Quarterly Survey of Agricultural Credit Conditions

Chart 16
National Inflation-Adjusted Farmland Values

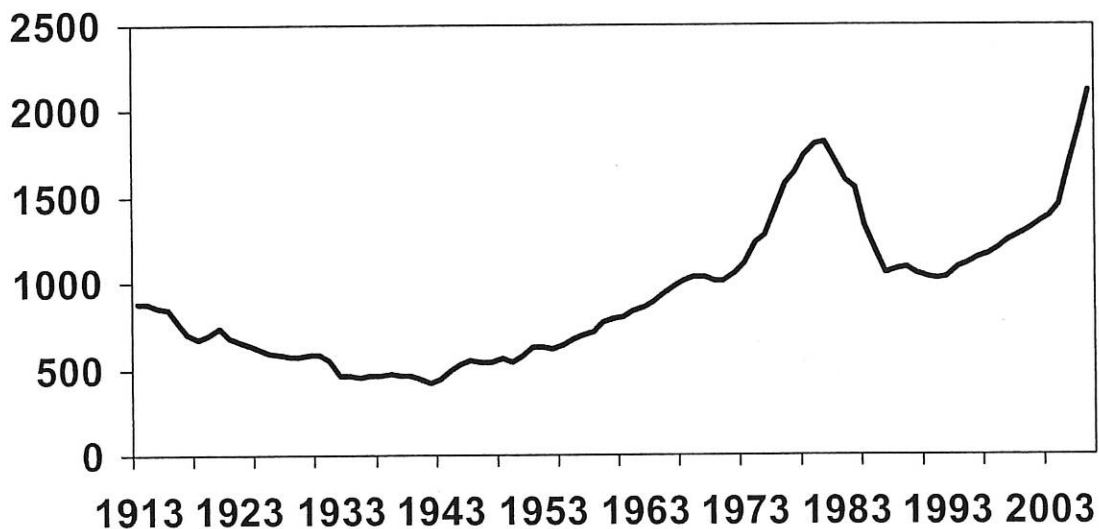


Chart 17
West Texas Intermediate Oil Spot Price and NYMEX Futures

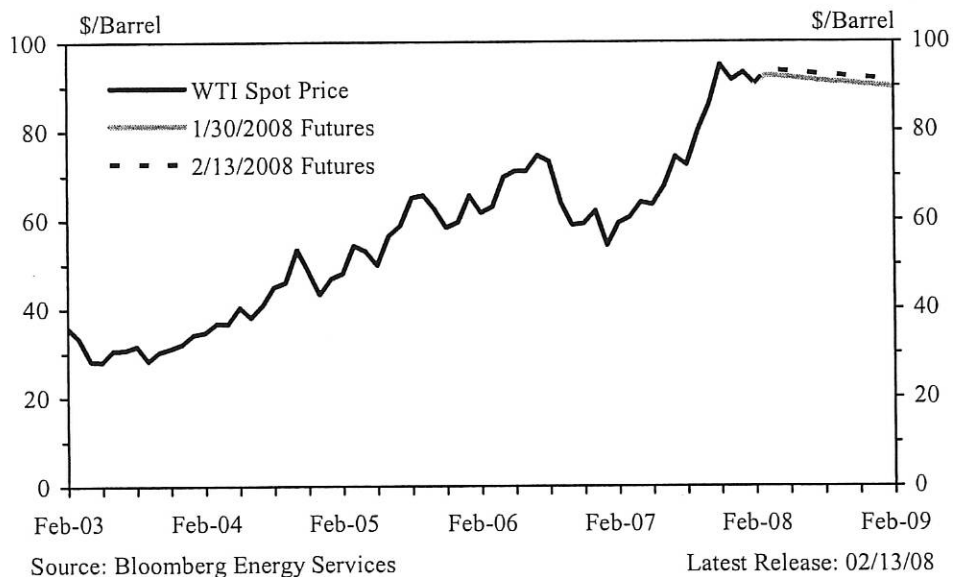
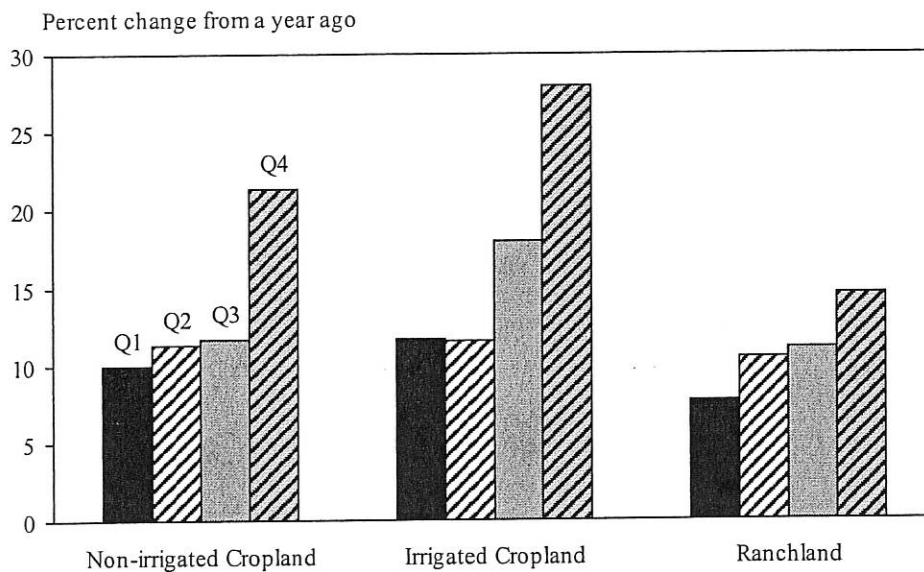


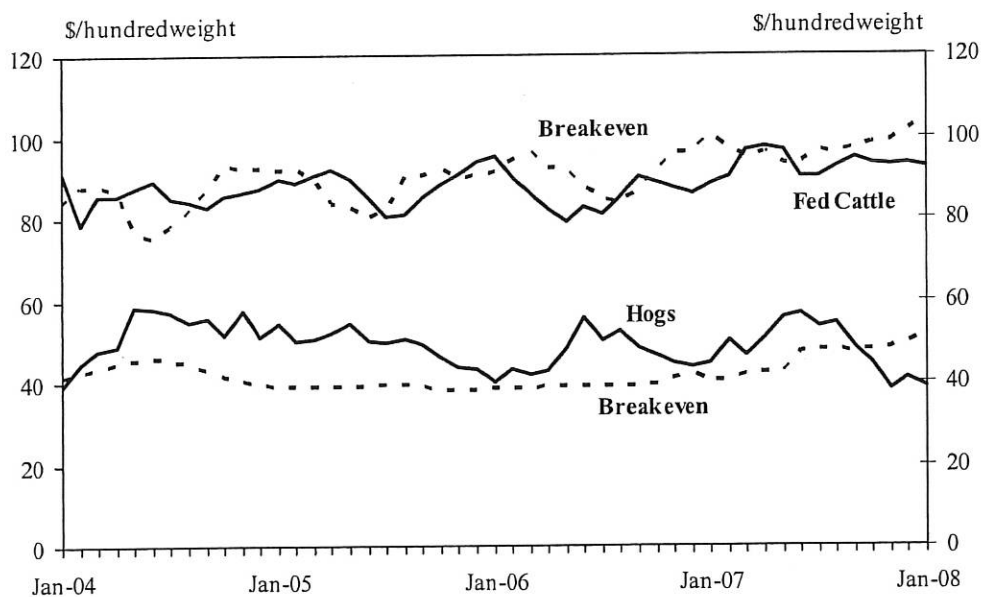
Chart 14
Growth in Kansas Farm Land Values



Note: Percent changes are calculated using responses only from those banks reporting in both the past and the current quarter.

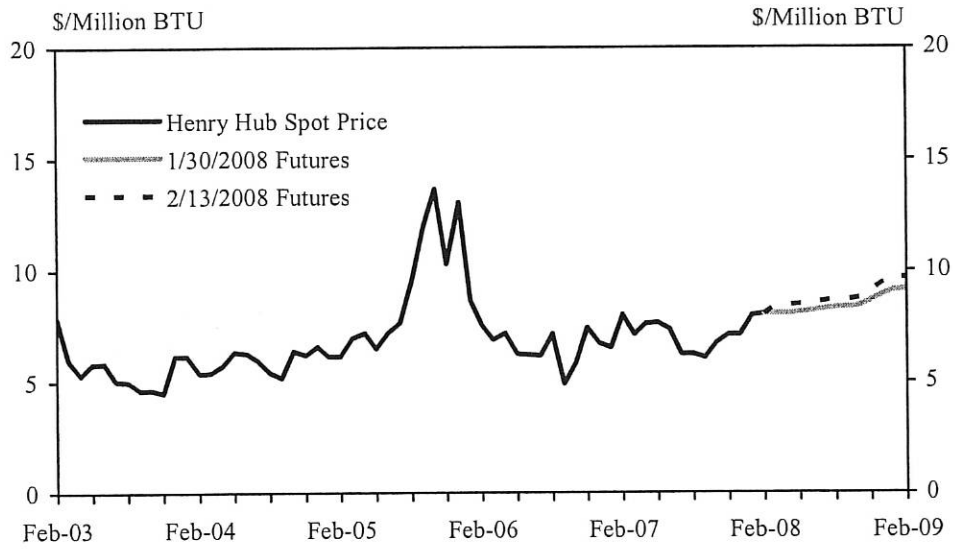
Source: Federal Reserve Bank of Kansas City, Quarterly Survey of Agricultural Credit Conditions

Chart 15
Livestock Prices and Breakeven Costs



Source: USDA; Iowa State University

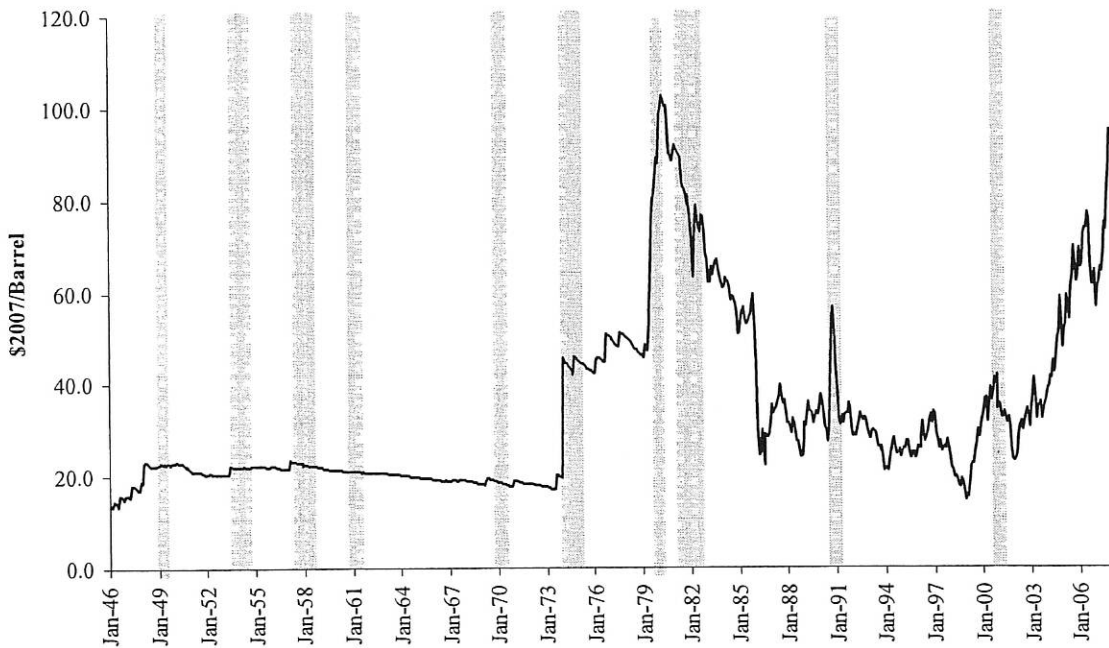
Chart 18
Henry Hub Natural Gas Prices and NYMEX Futures



Source: Bloomberg Energy Services

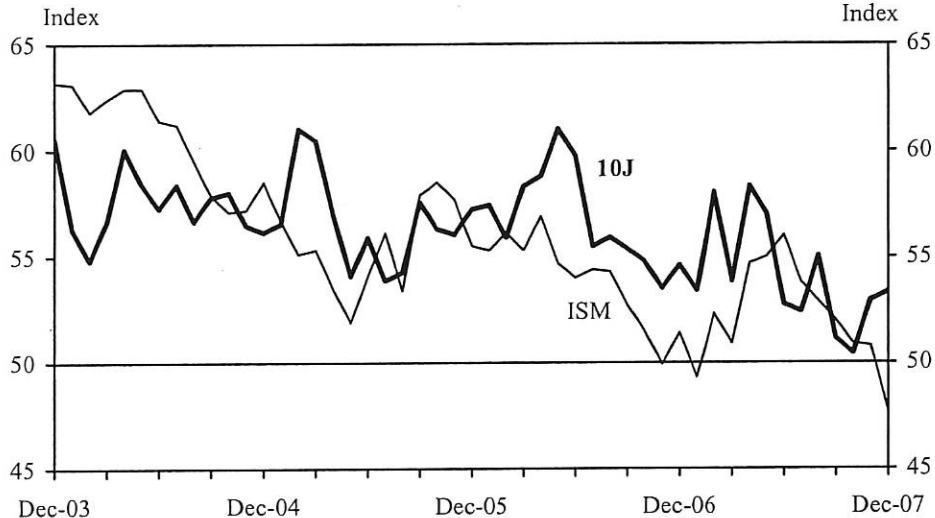
Latest Release: 02/13/2008

Chart 19
Inflation-Adjusted Crude Oil Prices and National Recession



Source: U.S. Department of Energy

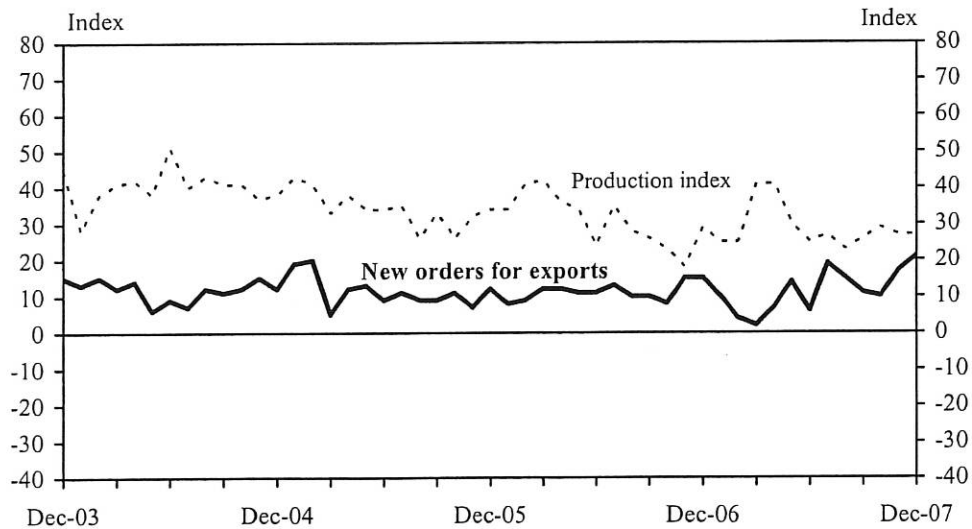
Chart 20
Month-Over-Month PMI Indexes (Seasonally-adjusted)



Note: 10J Index is computed on ISM basis (50 = zero change)

Sources: FRBKC Manufacturing Survey (12/24/2007); ISM (01/02/2008)

Chart 21
Expectations: Production and New Orders for Exports
(Six-month ahead, SA)



Source: FRBKC Manufacturing Survey

Latest release: 12/24/2007

Chart 22
Tenth District Manufacturing Employment Indexes

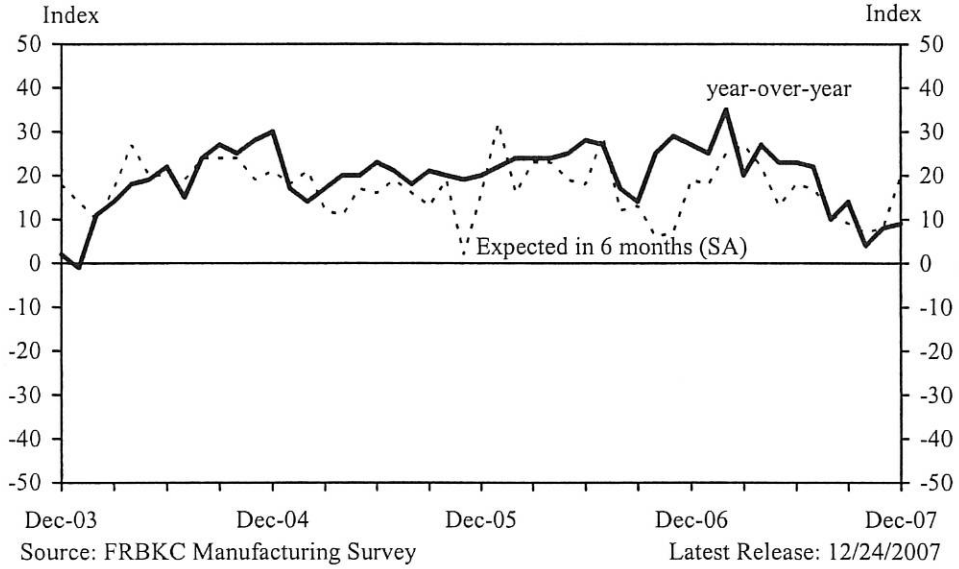


Chart 23
Value of Commercial Construction Contracts

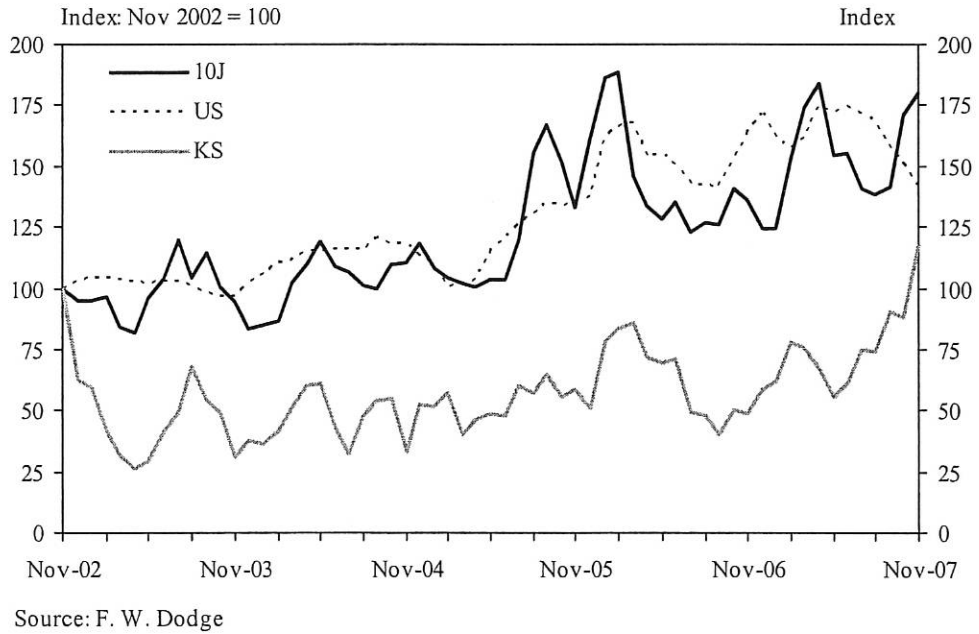


Chart 24
Value of Residential Construction Contracts

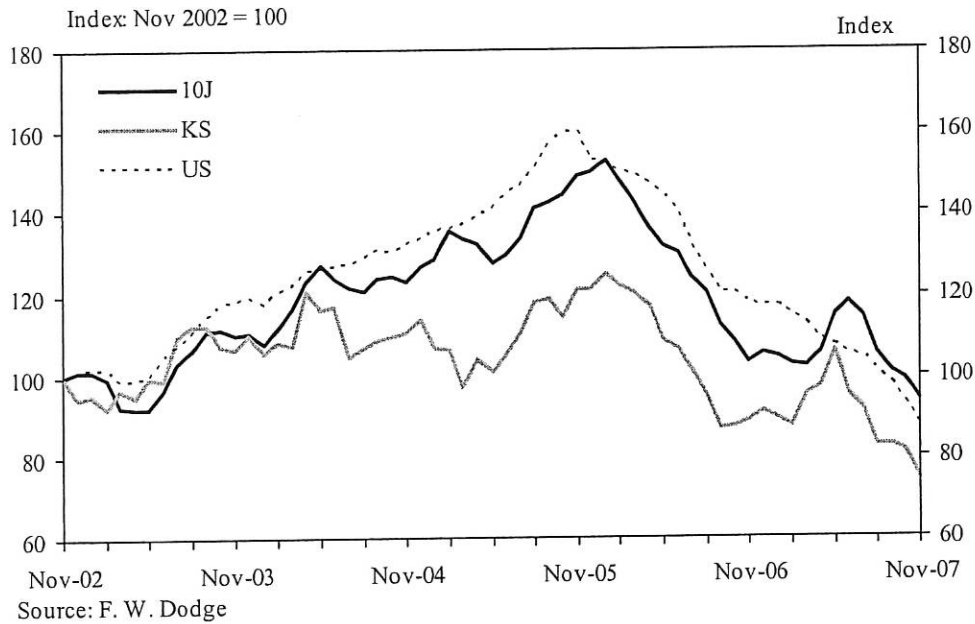


Chart 25
Sales of Existing Homes (seasonally adjusted)

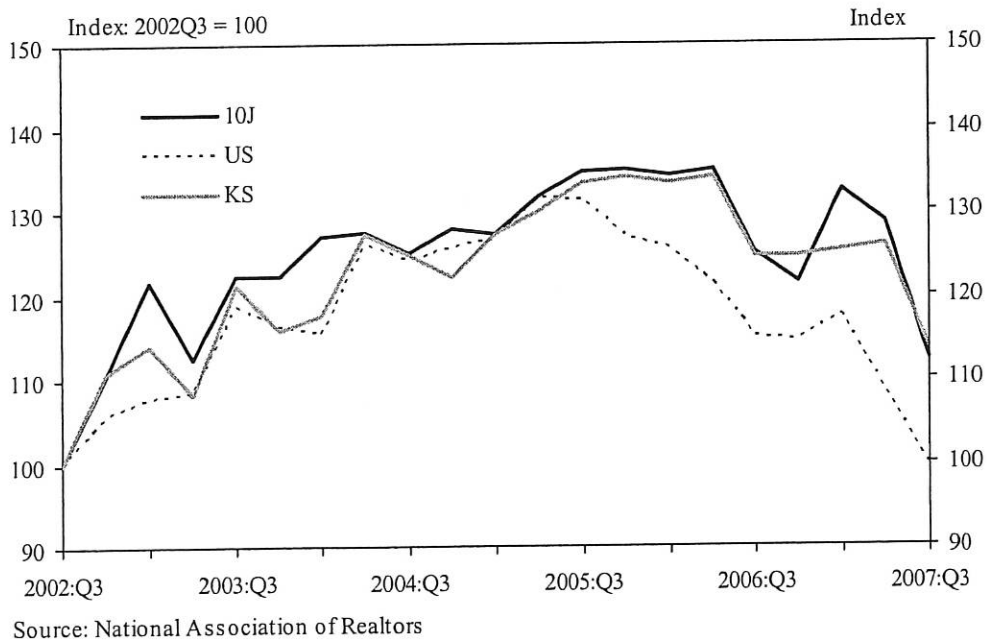


Chart 26
Year-Over-Year Changes in House Prices
(Office of Housing Enterprise Oversight)

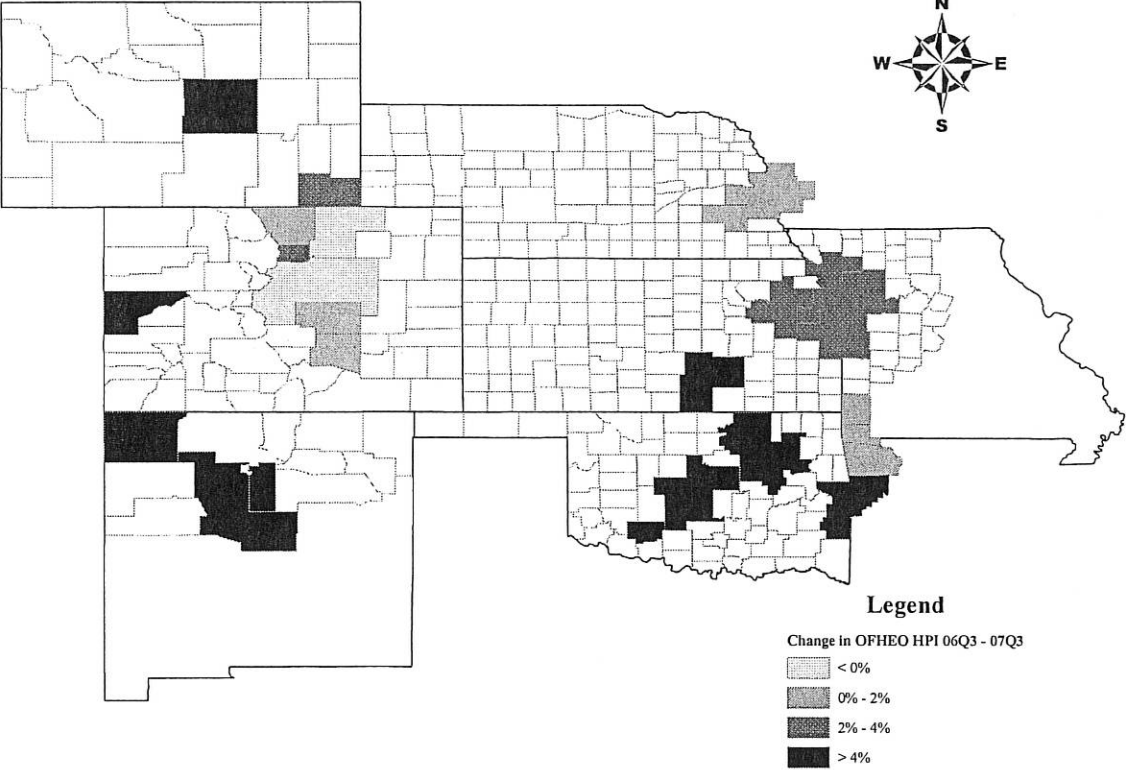


Chart 27
Banks Reporting Tighter Credit Standards for Residential Mortgages

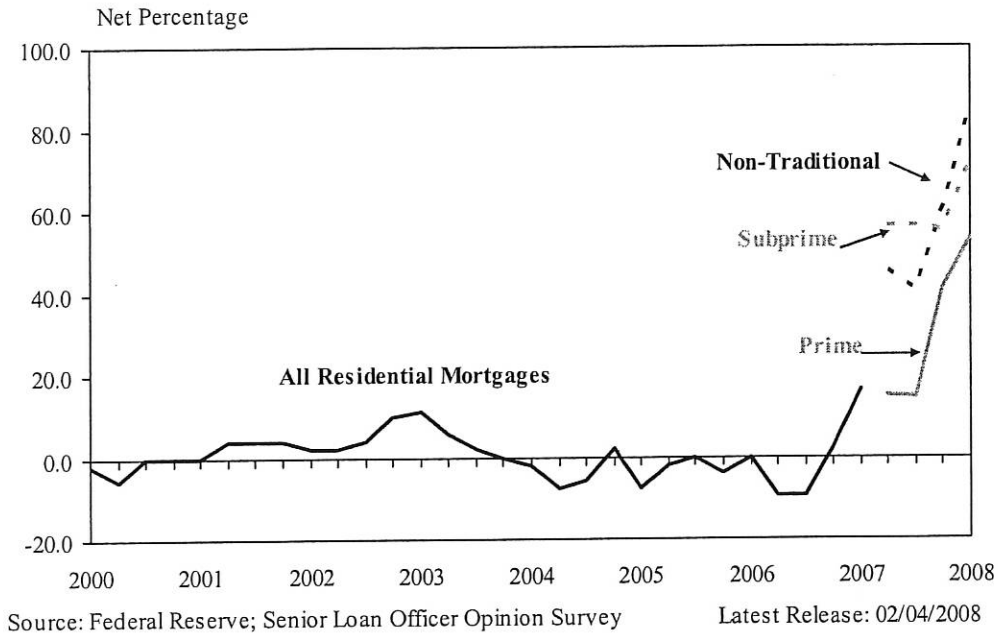


Chart 28
Foreclosure Inventory, Kansas and the U.S.

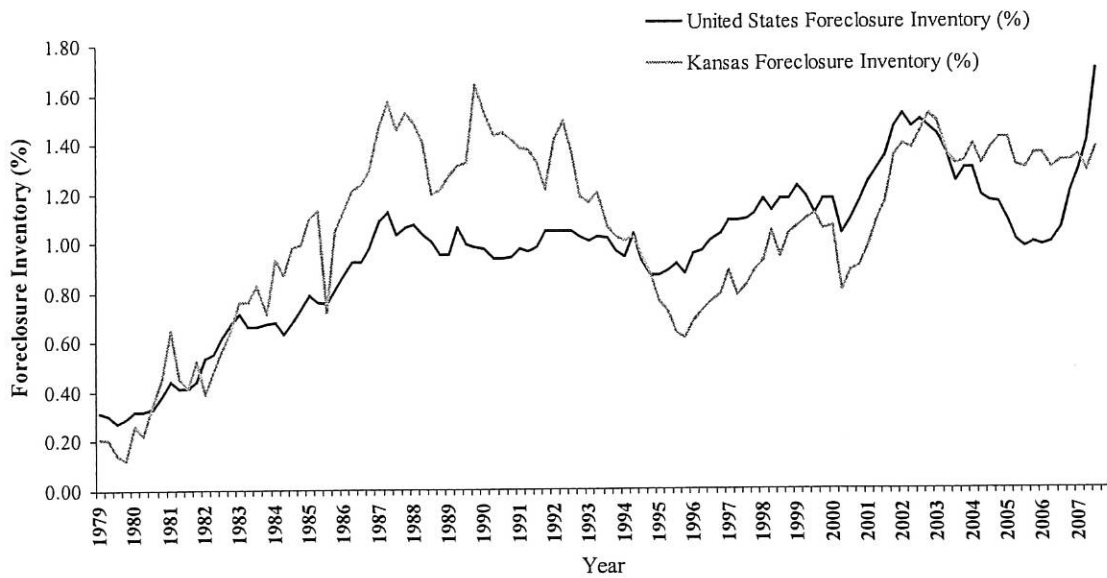


Chart 29
Banks Reporting Tighter Credit Standards for Commercial Real Estate Lending

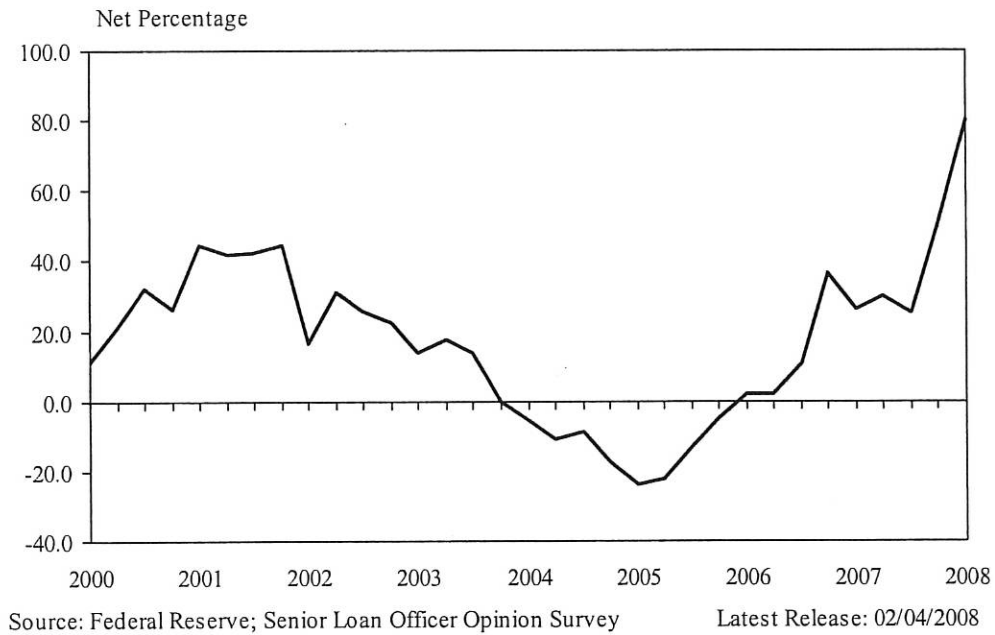


Chart 30
Banks Reporting Tighter Credit Standards for Credit Cards

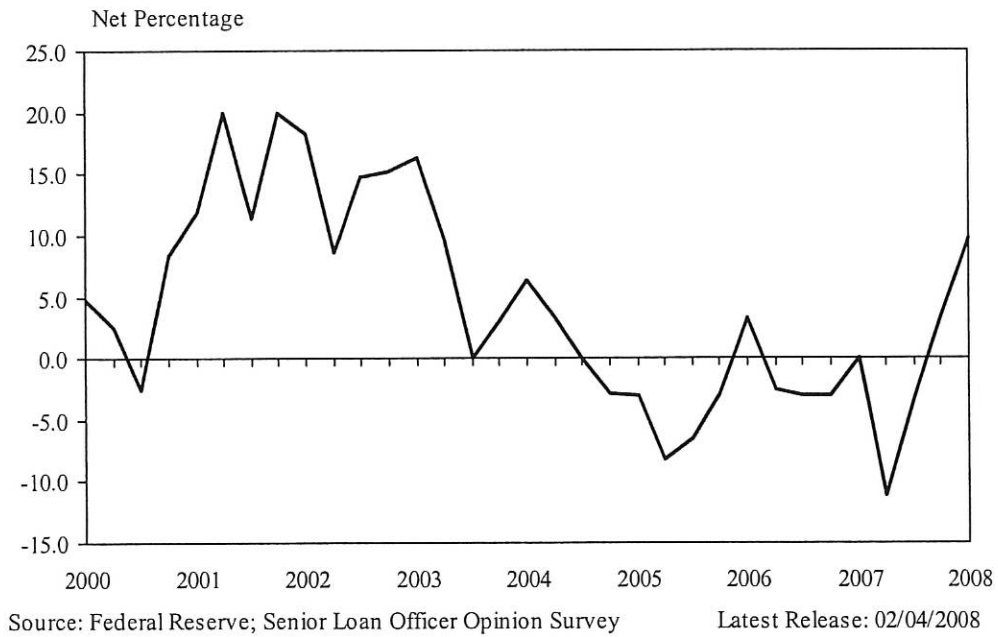


Chart 31
Year-Over-Year Diffusion Indexes for Sales

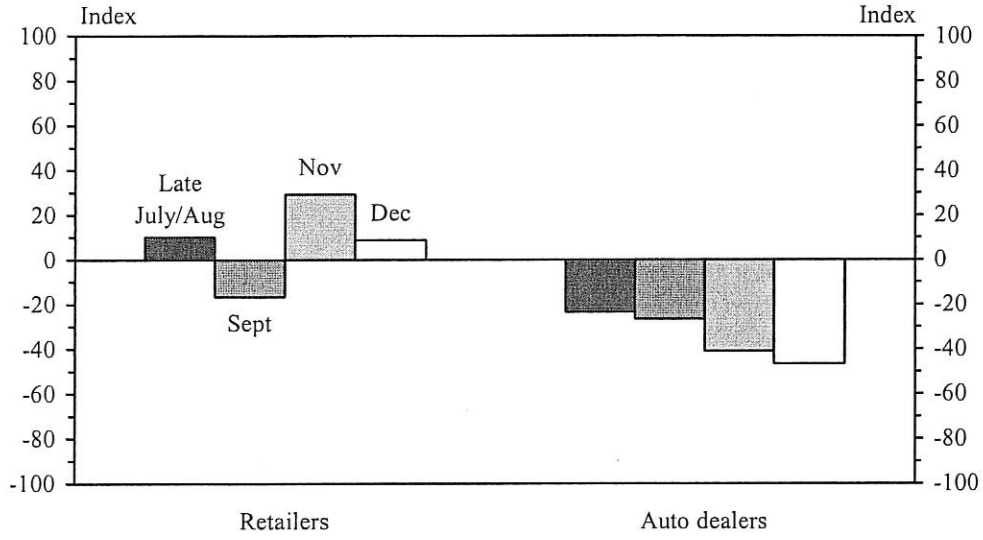


Chart 32
Three-Month Ahead Diffusion Indexes for Sales

