

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman David Wysong at 8:30 a.m. on February 10, 2009, in Room 545-N of the Capitol.

All members were present except for:
Senator Jay Emler

Committee staff present:

Ms. Margaret Cianciarulo, Committee Assistant
Mr. Norm Furse, Office of the Revisor of Statutes
Mr. Ken Wilke, Office of the Revisor of Statutes
Mr. Reed Holwegner, Kansas Legislative Research Department

Conferees appearing before the Committee:

Mr. Ed Cross, President, Kansas Independent Oil & Gas Association
Ms. Heidi Zeller, Kansas Action Network
Mr. Andy Sanchez, Executive Secretary, Kansas AFL-CIO
Mr. Jake Lowen, Director of the Wichita/Hutchinson Labor Federation of Central Kansas
Mr. Ron Hein, Legal Counsel on behalf of the Kansas Restaurant Hospitality Association
Mr. Kent Eckles, Vice President of Government Affairs, Kansas Chamber of Commerce
Mr. Dan Murray, State Director, National Federation of Business (NFIB)

Others attending:

Please see attached list.

Overview on the state of the gas and oil industry

Upon calling the meeting to order, Chairman Wysong recognized Mr. Ed Cross, President of Kansas Independent Oil & Gas Association (KIOGA0 who stated their 1400 member organization represents the interest of the oil and gas producers across the State of Kansas and produce 86% of the oil and 63% of then natural gas produced in Kansas. He went on to offer an update and a feel for how the economy is doing in the oil and gas industry.. Highlights included:

- Charts of:
 - U.S. primary energy consumption*
 - World energy demand*
 - World energy demand (comparing total energy by population*

* For years 1980 to 2025 and provided by the EIA Annual Energy Outlook 2008

- A listing of “New World Realities” including:
 - Price volatility (Ex. China aggressively pursuing import sources)
 - OPEC nations won 70% of global proved oil reserves
 - Oil prices potential for higher vs. lower prices
- Impacts on the Kansas oil & gas industry including:
 - global financial crisis, SemGroup bankruptcy filing, crude oil price differential and taxes
- Explaining who the independents are
 - they drill 90% of wells in the U.S., provide 82% of America’s natural gas supply and Produce 68% of crude oil in the U.S.
- A map of Kansas showing oil and gas fields, offered statistics, and gave key challenges facing the oil and gas industry.

A copy of his testimony is (Attachment 1) attached hereto and incorporated into the Minutes as referenced.

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Chairman Wysong thanked Mr. Cross and asked for questions or comments which came from Senators Kelsey and Wagle including how does the RO being reduced by 26.3 percent that compare to other surrounding states? Can you explain seismographic surveys? Regarding OPEC having 70 percent of the reserves, if we were to go to Alaska, North Dakota, and offshore wouldn't we have a much larger supply and wasn't there talk about it but it did not happen?

Hearing on SB160 - an act concerning the minimum wage and maximum hours law

The Chair said the next order of business was a hearing on **SB160** and called on Ms. Heidi Zeller, Coordinator of the "Raise the Wage" project sponsored by the Kansas Action Network who said they were seeking to raise the lowest minimum wage in the nation through a coordinated, city-by-city campaign. She stated how they had worked with Wyandotte County Commissioners Mike Kane and Mark Holland and succeeded in passing an ordinance in Kansas City, Kansas that indexed the city's minimum wage to the federal level.

Ms. Zeller went on to say that raising the wage in our current recession is an especially important action because those earning the fewest dollars will spend it all by necessity.. She concluded by stating simply , increasing consumer demand for goods and services is one of the most important aspects of any economic stimulus plan - from the federal level to the local level.

A copy of her testimony is ([Attachment 2](#)) attached hereto and incorporated into the Minutes as referenced.

The next conferee to testify was Mr. Andy Sanchez, Executive Secretary-Treasurer, Kansas AFL-CIO who stated that since Kansas first adopted a state minimum wage more than 31 years ago, it has seen an increase of just \$105 in that period, and that was two decades ago. He added that **SB160** would raise the "floor" of the hourly wage rate for the 17,000 workers in Kansas not covered by the Fair Labor Standards Act (FLSA). A copy of his testimony is ([Attachment 3](#)) attached and incorporated into the Minutes as reference.

The next to testify was Mr. Jake Lowen, Director of the Wichita/Hutchinson Labor Federation of Central Kansas and President of the Kansas Action Network who said that the minimum wage increase would create a more self-sufficient citizenry, who depend less on social services, a healthier tax base, and more cash flow in the local economy. A copy of Mr. Lowen's testimony is ([Attachment 4](#)) attached hereto and incorporated into the Minutes as referenced.

The Chair then let the Committee know that written proponent testimonies in support of the bill were also submitted and came from:

- Secretary Jim Garner, Department of Labor, who also included "an Overview of Federal and State Minimum Wage Laws"
- Ms. Shannon Jones, Executive Director of SILK (Statewide Independent Living Council of Kansas)
- Mr. Terry Forsyth, Director of Governmental Relations, Kansas National Education Association (KNEA)

Chairman Wysong then called on the first of three opponents of the bill, Mr. Ron Hein, Legal Counsel on behalf of the Kansas Restaurant Hospitality Association (KRHA) who offered some history of the KRHA and its mission. He went on to state that the impact of the minimum wage, both federal and state, is slightly different for the restaurant, lodging, and hospitality industry, due to the fact that many employees of our industry also receive tips. He offered arguments why the state minimum wage should not be raised, but stated the minimum wage in Kansas certainly appears to be extremely low and although the KRHA opposed the bill, they would have no objection to the repeal of the state minimum wage. A copy of his testimony is ([Attachment 7](#)) attached hereto and incorporated into the Minutes as referenced.

The second opponent was Mr. Kent Eckles, Vice President of Government Affairs for the Kansas Chamber of Commerce who said that they believe the free market should determine wages in Kansas as it has proven time and again to be the strongest method of determining wages and that a minimum wage set by government

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is not needed and should be repealed altogether. A copy of his testimony is (Attachment 7) attached and incorporated into the Minutes as referenced.

The final opponent conferee was Mr. Dan Murray, State Director of the National Federation of Business (NFIB) stating that NFIB-KS is the leading small business association representing small and independent businesses and is a nonprofit, nonpartisan organization founded in 1943 with a membership of 4,000 in Kansas.

He went on to say that by automatically increasing the minimum wage, lawmakers remove the business' ability to discuss wage increases with their employees, and automatically imposes a higher operating cost on the company, regardless of the economic climate. He added that NFIB-KS maintains that mandatory minimum-wage increases may result in outcomes that are adverse to Kansas' top job creators: small businesses such as employers may reduce hours or number of employees or replace with higher-skilled workers, leave jobs vacant, or reduce wage increases A copy of his testimony is (Attachment 8) attached and incorporated into the Minutes as referenced.

Written testimony in opposition to the bill was also submitted by Mr. Derrick Sontag, State Director, Americans for Prosperity. A copy of his testimony is (Attachment 9) attached and incorporated into the Minutes as referenced.

As there was no neutral testimony offered, the Chair then asked for questions or comments from the Committee for any of the conferees. Senators Reitz, Faust-Goudeau, Lynn, and Schodorf asked a range of questions including where are the dollars coming from for this wage increase? What has been the economic impact in Wyandotte with their recent wage increase, are there any figures available? What is the federal minimum wage? What would happen if the minimum wage is repealed?

Adjournment

Chairman Wysong closed the hearing and adjourned the meeting. The time was 9:30 a.m.

The next meeting is scheduled for Wednesday, February 11, 2009.