

## MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman David Wysong at 8:30 a.m. on January 27, 2009, in Room 545-N of the Capitol.

All members were present except:

Senator Oletha Faust-Goudeau- excused

Committee staff present:

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

Conferees appearing before the Committee:

Mr. Frank Lenk, Director of Research Services & Chief Economist,  
Mid-America Regional Council  
Mr. Michael Beckloff, Chairman, Kansas Bio

Others attending:

Please see attached list.

### Approval of Minutes

Upon calling the meeting to order, the Chair referred the Committee to the Minutes of January 15, 20 and 22 before them, stating that this year he would be asking them to respond before each Friday to the Committee Secretary with comments and if none are received, those Minutes would stand as approved. He then passed a sheet asking the Committee to indicate how they would like to receive their copy, either by email or by paper copy and they would take the majority vote.

### Introduction of Bills

The Chair then asked if there were any legislation to be introduced. As there were none, he offered two.

The first was an act concerning the economic revitalization and reinvestment act; relating to the secretary of commerce and the Kansas development finance authority; authorizing the issuance of bonds for certain economic development projects. A motion was made by Senator Schodorf that the Committee introduce the proposed legislation. It was seconded by Senator Lynn and the motion carried.

The second was an act concerning the Kansas investments in major projects and comprehensive training relating to the secretary of commerce authorizing the funding of certain economic development projects. A motion was made by Senator Lynn that the Committee introduce the proposed legislation. It was seconded by Senator Lynn and the motion carried.

### Presentation on Economy Forecasting

Chairman Wysong then called on Mr. Frank Lenk, Director, Research Services & Chief Economist, Mid-America Regional Council, who offered a chart presentation on the 2009 Economic Forecast for the Metropolitan Kansas City area. Highlights included:

- with housing at the root of the problem, he compared Kansas, Missouri, and the U. S. foreclosures from 1979 to 2008.
- Kansas employment changes over the prior 12 months, including a comparison of Kansas City and the U.S.

## CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on January 27, 2009, in Room 545-N of the Capitol.

Page 2

- comparison of Kansas and the U.S. regarding transportation & utilities and profession & business services; including administration, waste, and sci-tech.

- and, why the economy is a dismal science, using the U.S. GDP forecasts and scenarios.

A copy of Mr. Lenk's testimony is (Attachment 1) attached hereto and incorporated into the Minutes as referenced.

Chairman Wysong thanked Mr. Lenk and asked for questions and comments which came from Senators Reitz, Schodorf, Wysong, Lynn, and Kelsey including: regarding housing, could that be a fictitious number in the stimulus package or a bottom line? If you did a Scenario 3, how long would it take it out? The federal government has made quite a few efforts to help foreclosures, in your opinion have they had any impact? Regarding growth in government jobs in scenario one, is a job just a job (a government job as opposed to a business job)? Is confidence the thing that is keeping this thing muted? At what point can the growth start again, where does the money come from?

### **Presentation on Kansas Bio**

After announcing what will be happening the next two weeks of Committee and with eight bills to work, Chairman Wysong then called on Mr. Michael Beckloff, Chairman, Kansas Bio, who stated that with support of the Kansas Bioscience Industry, the KBA, and KTEC, Kansas Bio has formed the National Drug Development Accelerator (the Accelerator). The goal being to position Kansas as the ideal locale for conducting clinical research and drug development and in turn, attracting new businesses, jobs, and talent necessary to properly execute on this growing industry. He went on to explain why this is important and how it meshes with legislatures' efforts to expand the industry and grow jobs.

Mr. Beckloff also touched on what Kansas Bio has accomplished in Kansas including:

- Kansans have helped develop and have been involved in more than 50 of the world's top drugs and all of the top 30 drugs on the market including every SSR1 drug on the market today such as Prozac and Zoloft.

- And, Kansas has twice as many physicians involved in clinical trails than anywhere else in the country, our region being in the five per capita for concentration of clinical research.

He offered historical data tracing back to Marion Laboratories with much of the expertise still residing here in Kansas and more returning because of growth opportunities. Mr. Beckloff briefly touched on the KU Cancer Center stating that every major pharmaceutical company around the world has come to Kansas to access our researchers.

Written testimony was not provided, but will be available at the next Committee meeting per the Chair's request.

### **Adjournment**

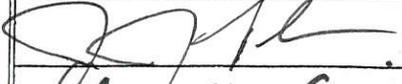
As it was going on time for the next Committee meeting, Chairman Wysong adjourned the meeting. The time was 9:30 a.m.

The next meeting is scheduled for Wednesday, January 28, 2009.

SENATE PUBLIC HEALTH AND WELFARE COMMITTEE

GUEST LIST

DATE: Tuesday, January 27, 2009

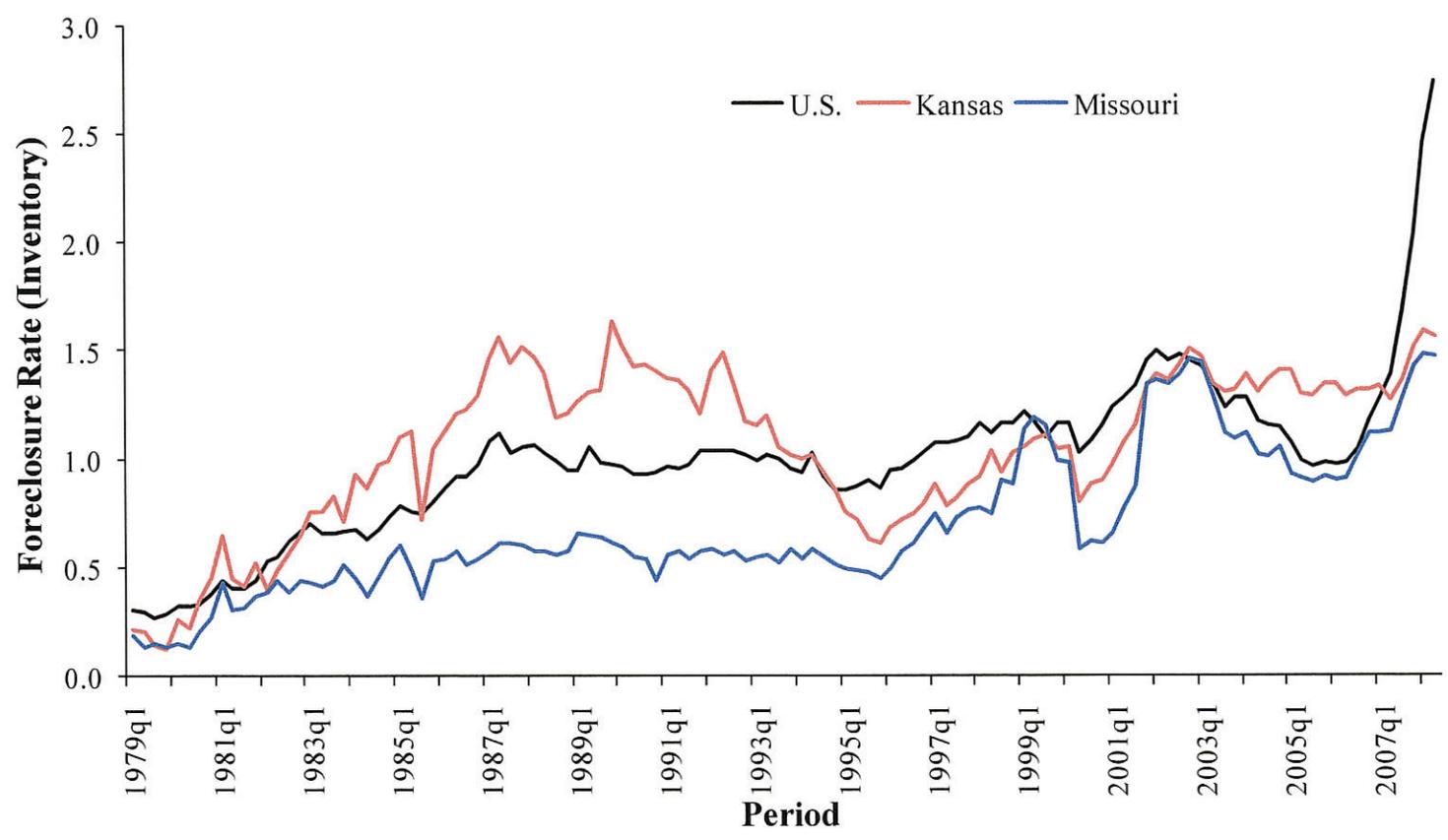
NAME	REPRESENTING
Joe Mosimann	Hein Law Firm
Jeff Southard	VASOGENIX Pharm.
ERIC DANIELSON	KANSAS TSIO
WAYNE CARTER	KANSAS BIO
Brad Stauffer	Carter Group
Don Korber	Kansas, Inc.
Sandy Braden	Gaheen Braden
Peter Coody	KANSAS BIO
Ken Seebir	KARA/KS BIO
Wil Leiker	Ks. AFL-CIO
David Drovette	Kansas Bio
John Federico	Federico Consulting
Tom Tunnel	Kansas Agri Business Retailer Assn.
Nick Jordan	Capital Strategies
Gene Matrd m	IBT Labs - KS BIO
Michael Beckloff	Beckloff Associates
Scott Heidner	KADC
	KHCA
Cynthia Smith	SELHS

# 2009 Economic Forecast Metropolitan Kansas City

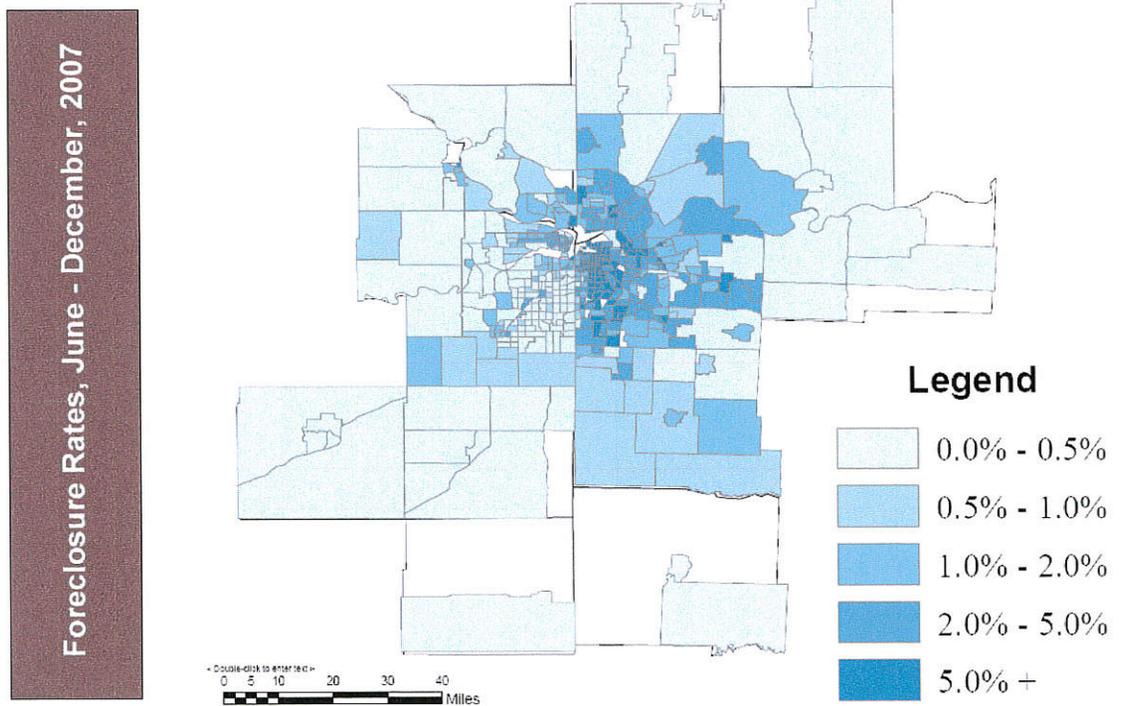
Presentation to:  
The Kansas Senate Commerce Committee  
January 27, 2009

Frank Lenk  
Mid-America Regional Council

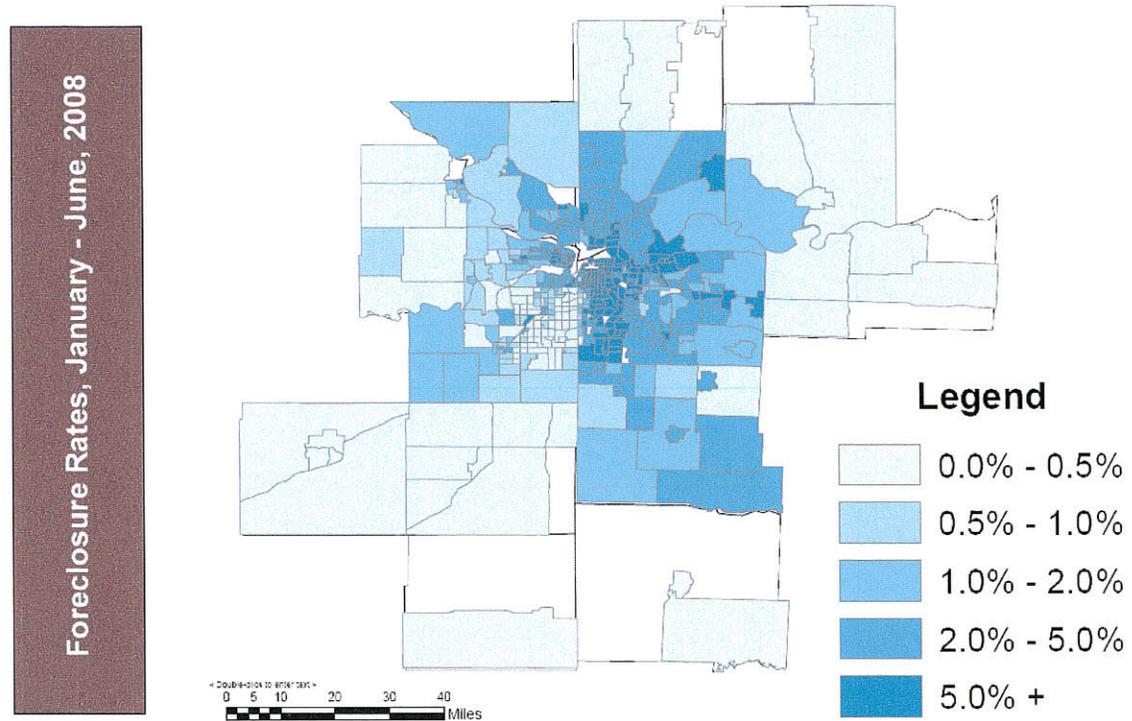
# Housing at the Root of the Problem: Foreclosures in US, KS, MO: 1979-2008



# Foreclosures – June to Dec. 2007



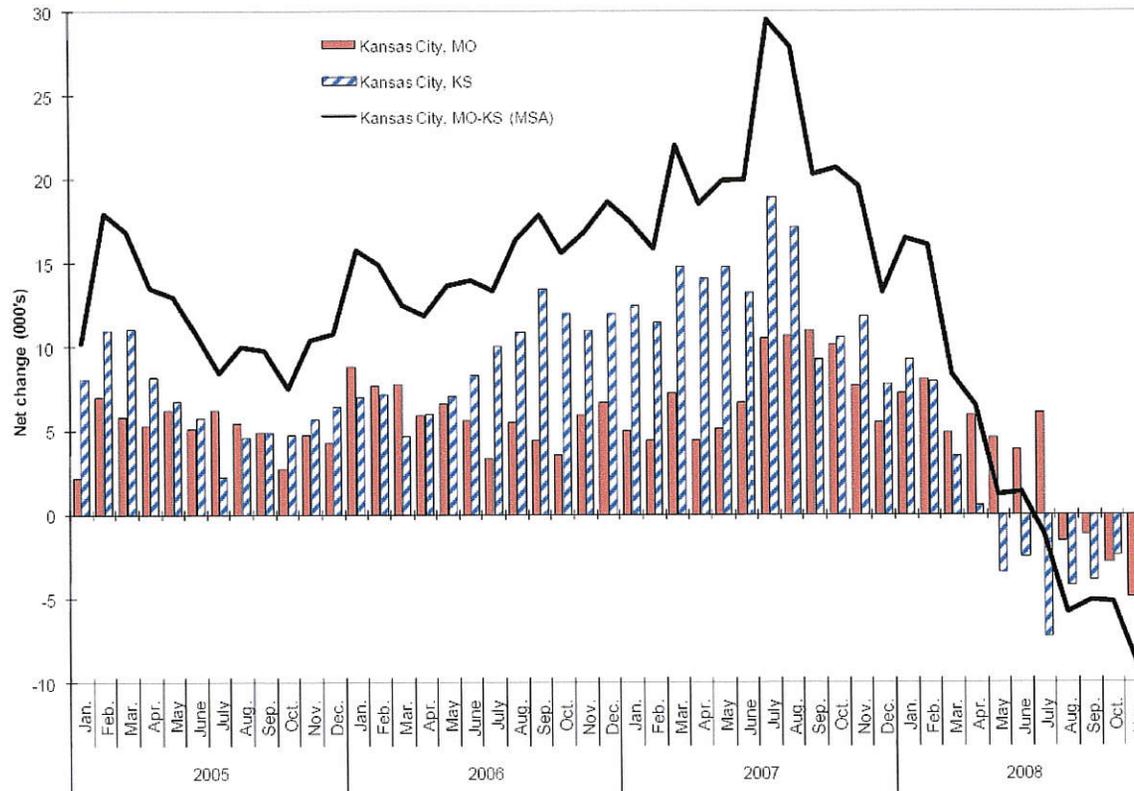
# Foreclosures – Jan. to June 2008



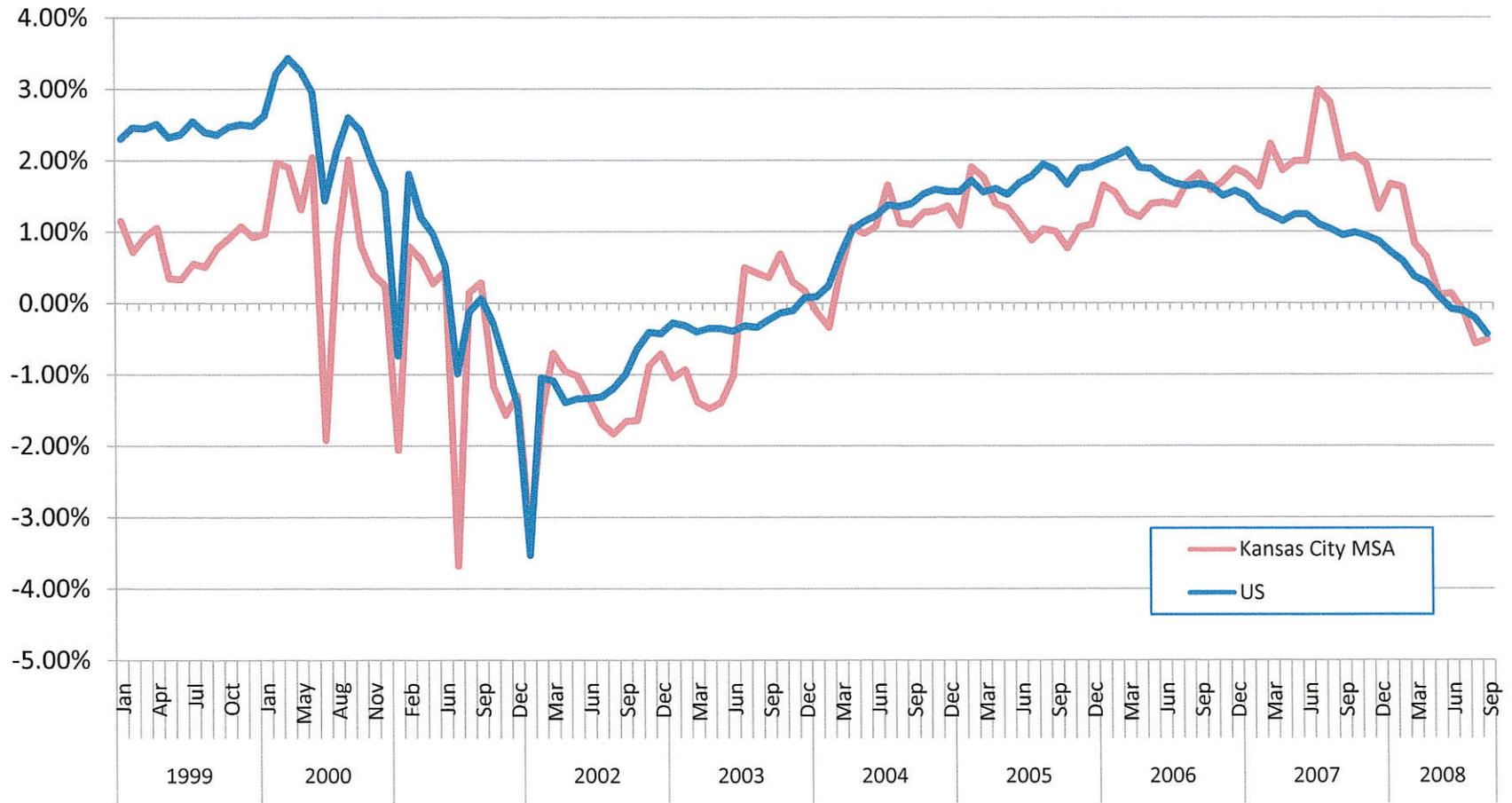
# KC Employment Change

(Change over prior 12 months)

Chart A. Over-the-year net change in total nonfarm employment in the Kansas City metropolitan area and its components, January 2005 – November 2008



# Total Employment



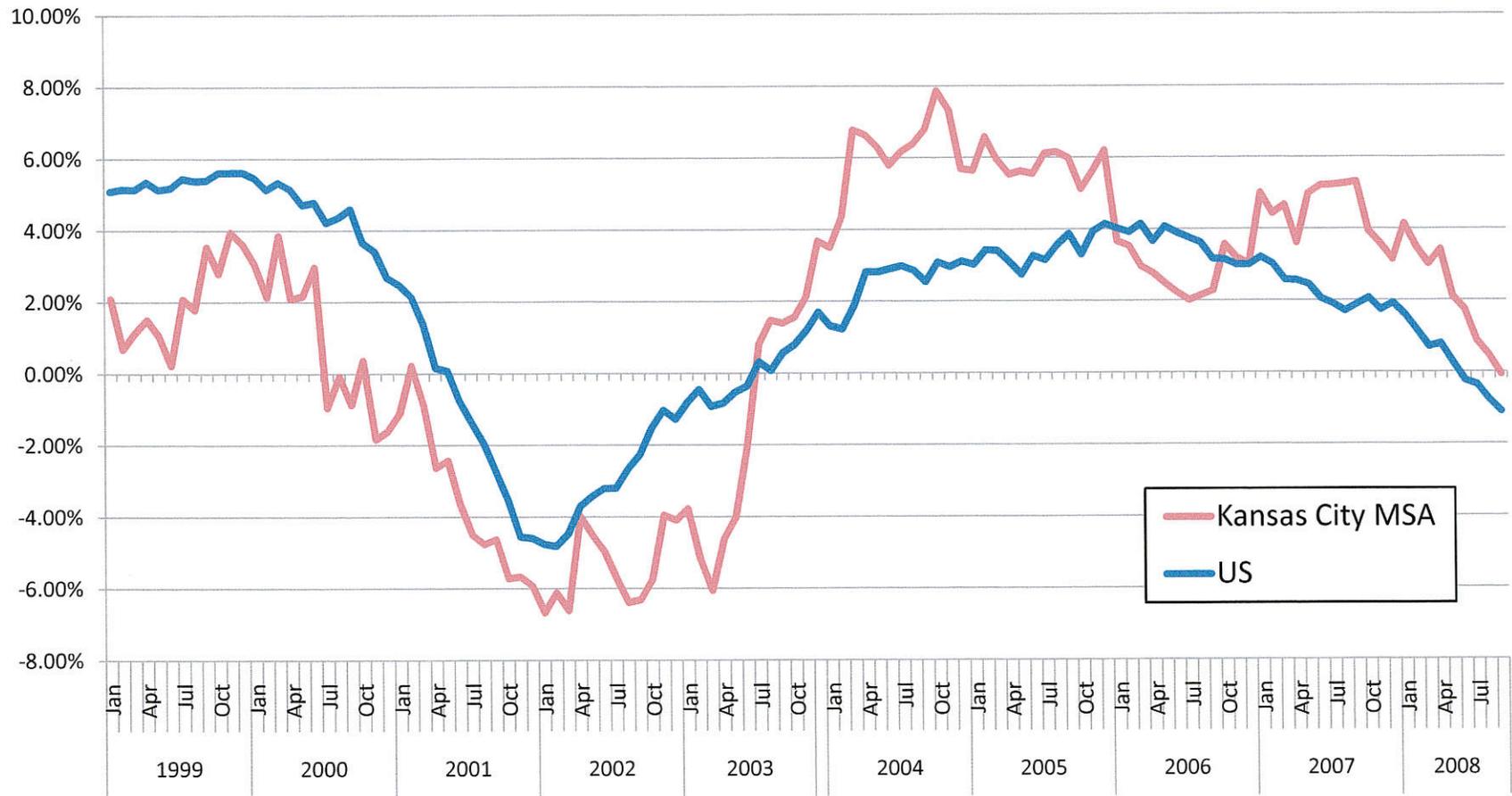
# Transportation and Utilities



# Information



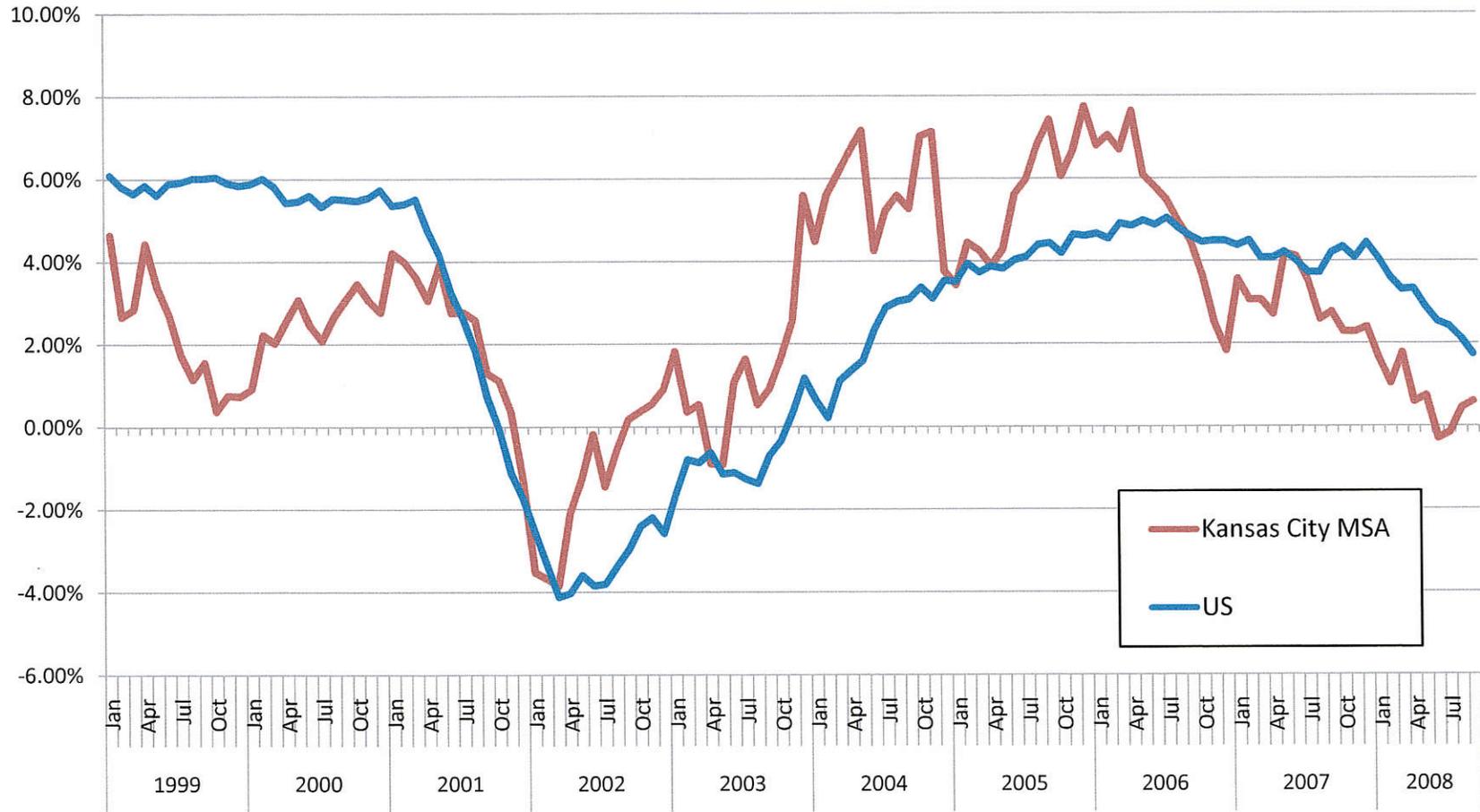
# Professional and Business Services



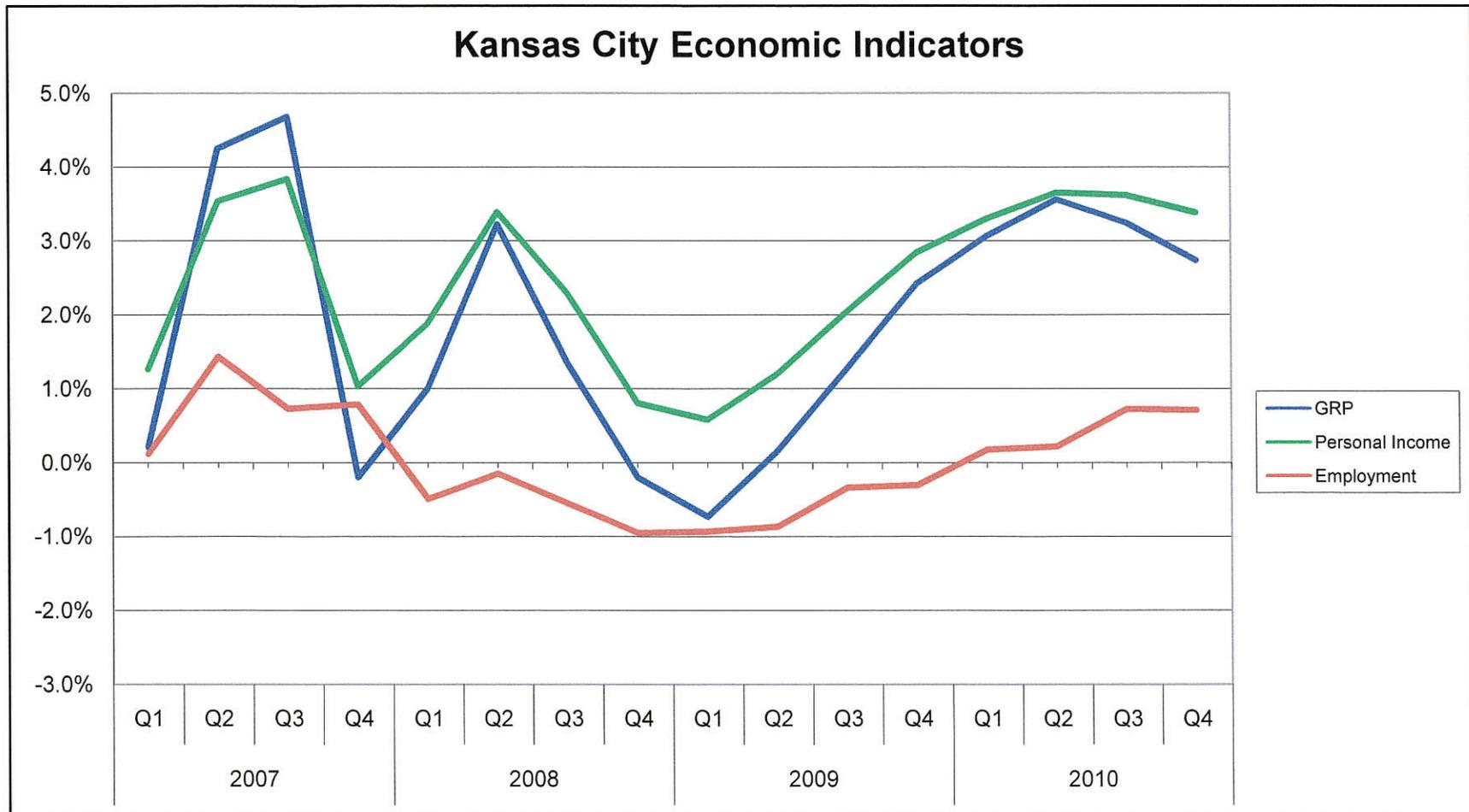
# Prof & Business Svcs – Admin & Waste



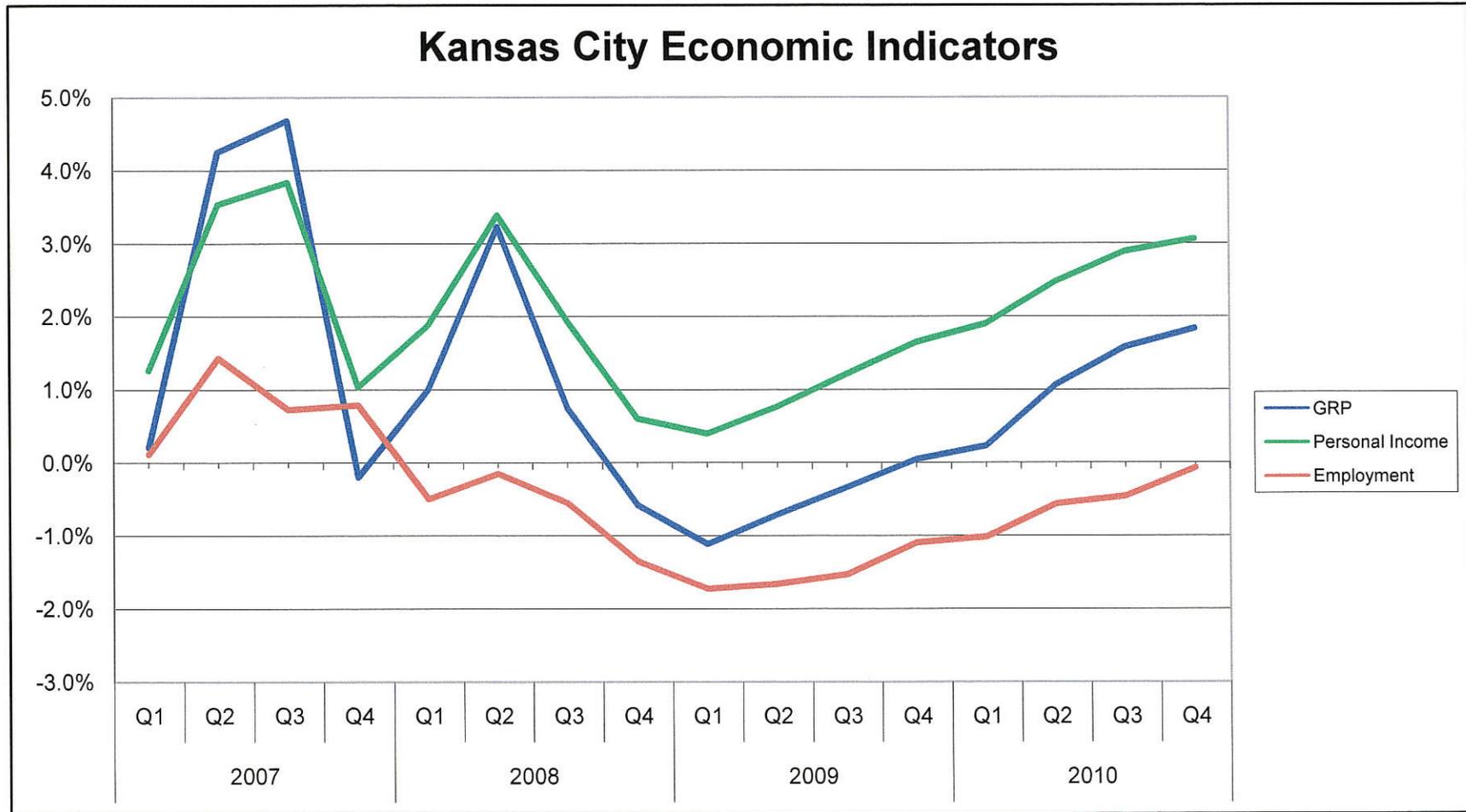
# Prof & Business Svcs – Sci-Tech



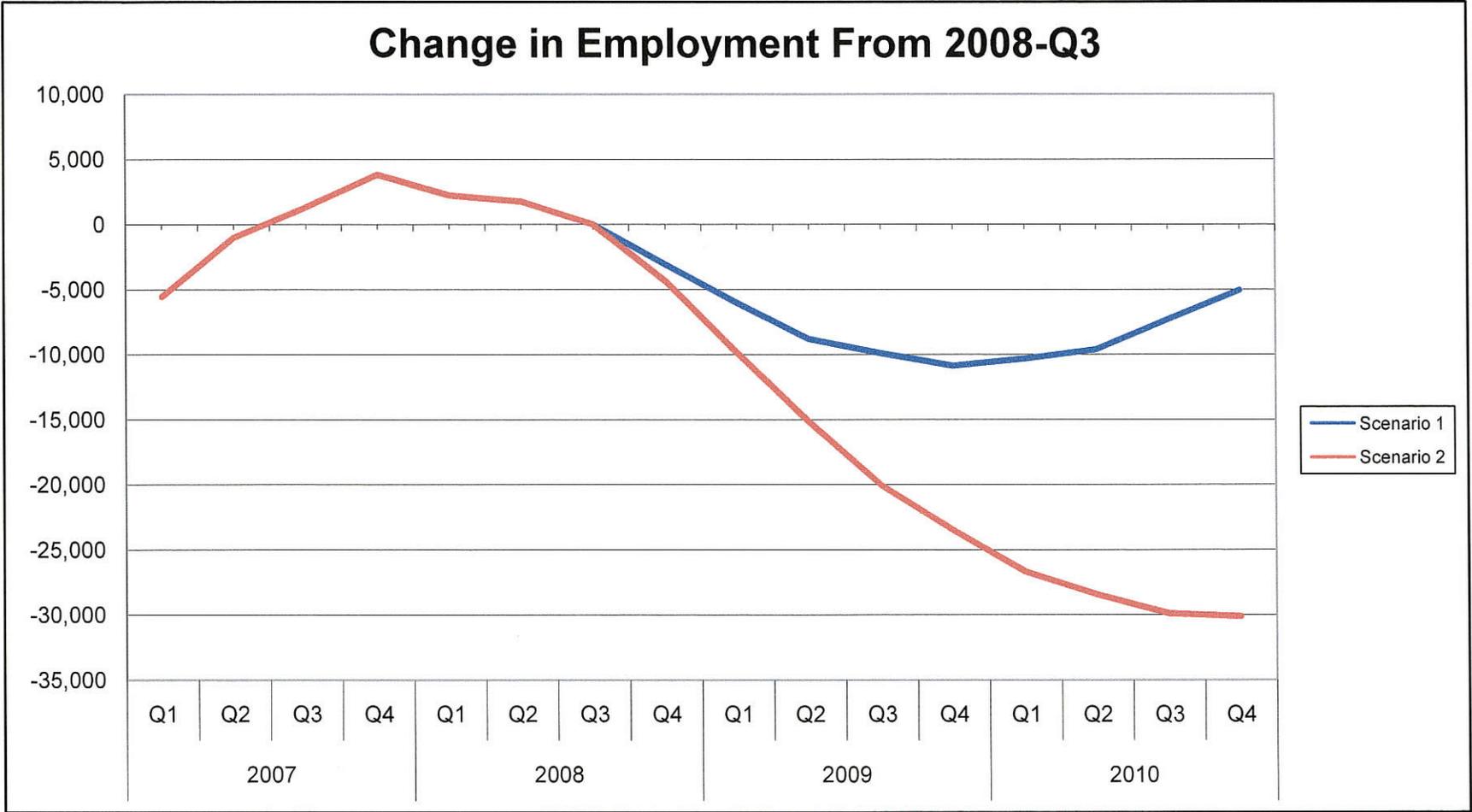
# Scenario 1: KC GRP, Income and Employment



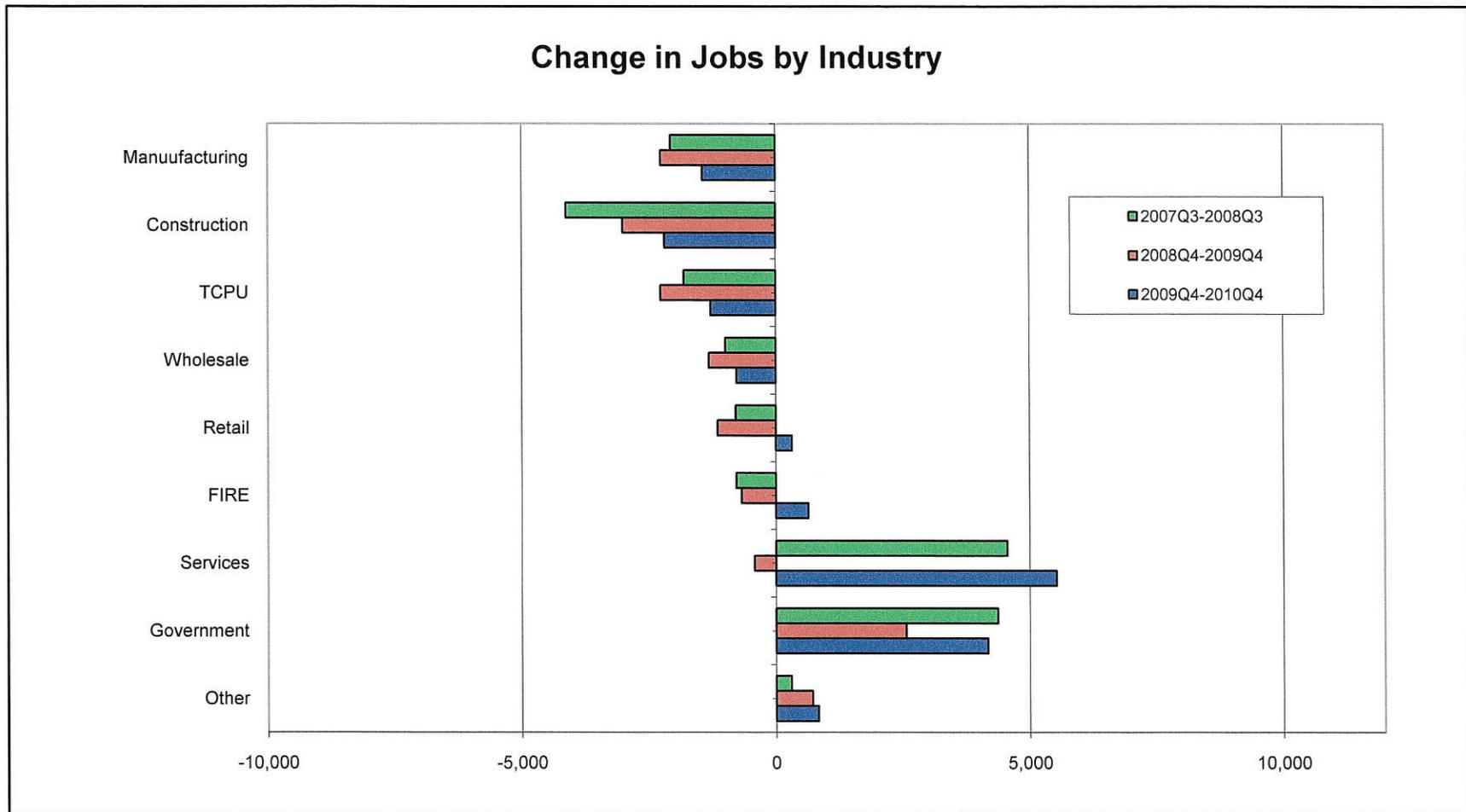
# Scenario 2: KC GRP, Income and Employment



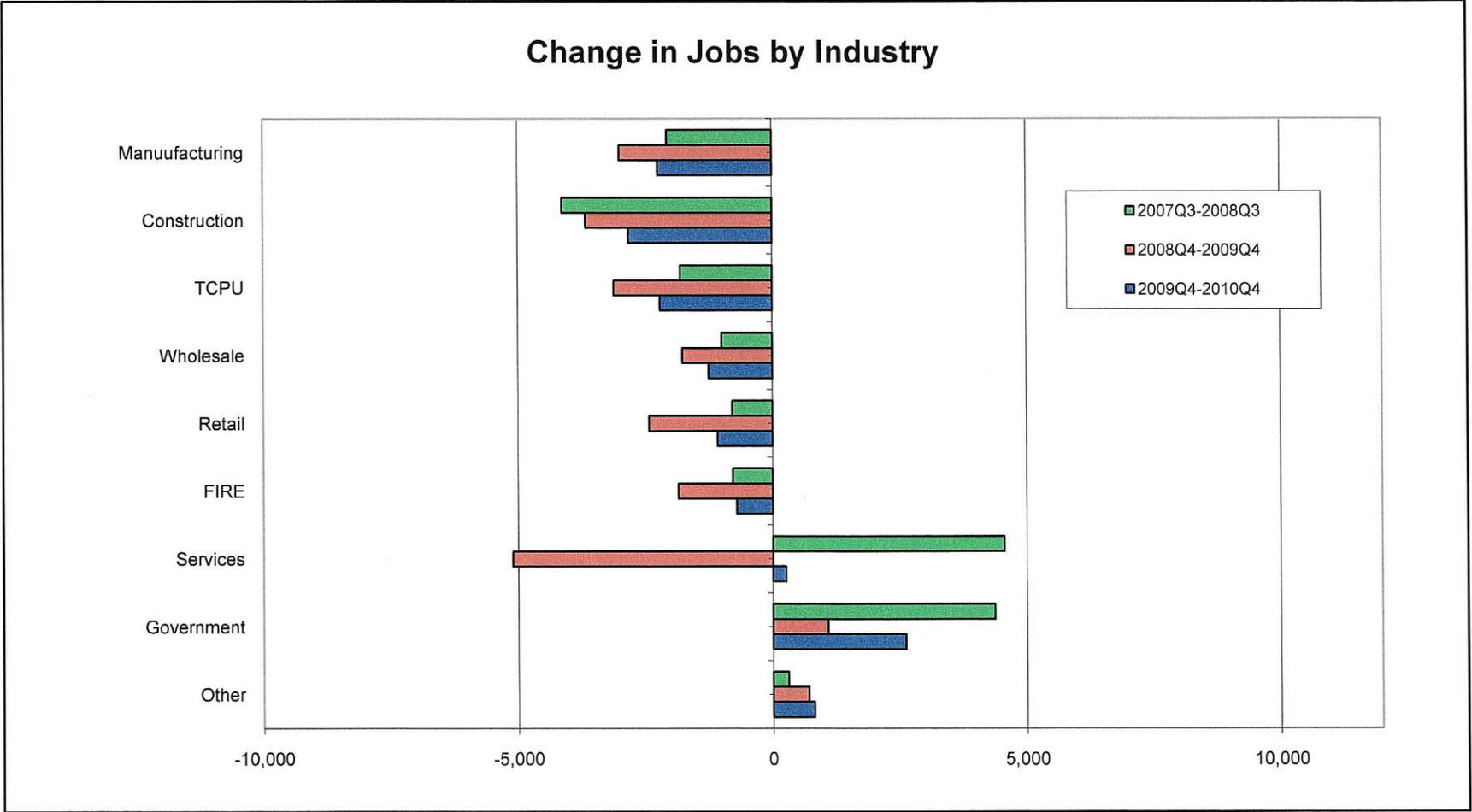
# KC Employment Change Since 2008 Q3



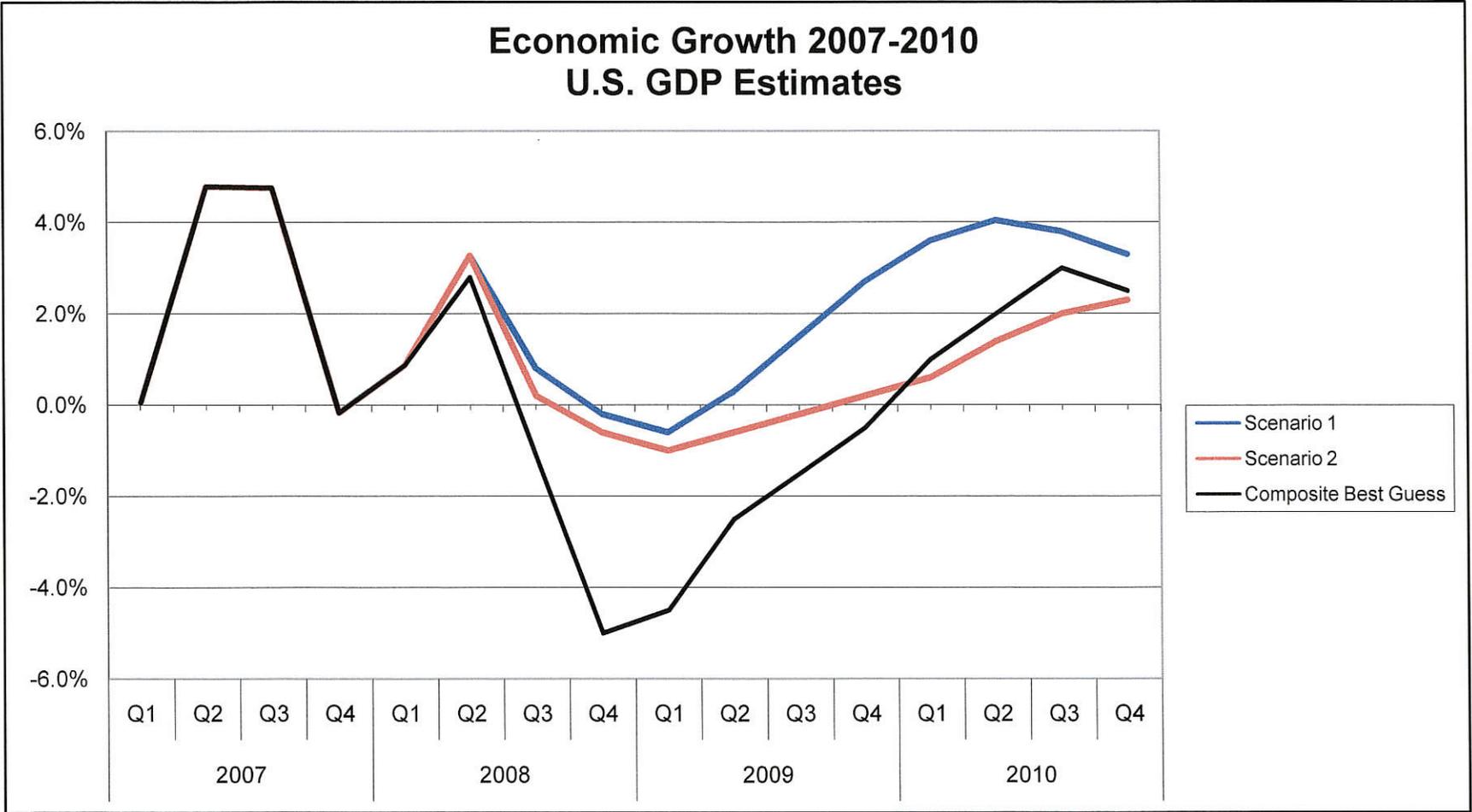
# Scenario 1: KC Change in Jobs, by Industry



# Scenario 2: KC Change in Jobs, by Industry



# Revised US GDP Forecasts



# Conclusion

- The economy is fragile, volatile and uncertain
  - It has appeared to stabilize before, only to suffer another shock
- Best guess is that the recession will last through 2009.
- KC region is hurting
  - If we loose another 31,000 jobs (40,000 total), we will end the decade with fewer jobs that we began it.
- No industry or occupational class will be left untouched
- Signs of a thaw – home prices fall, sales start to increase
  - But property values fall too, and reappraisals result in less rather than more revenue.