



AN O- - N LEGISLATIVE AGENDA FOR ECONOMIC GROWTH



SAVINGS | PROTECTION | INVOLVEMENT | INFORMATION

United for Business

The Kansas Chamber is a **pro-business advocacy organization** representing the interests of small, medium and large businesses across the state. We are dedicated to promoting policies that **reduce employer costs** and to **making Kansas the best state in the nation in which to do business.**

Throughout our legislative agenda development process, the Kansas Chamber's core principles of **free enterprise** and **removing obstacles that impede job creation** and slow economic growth were reiterated. Our members provided input on policy and legislative strategy through workgroup conference calls on taxes, human resource and health care issues, among others. Likewise, the feedback from meetings with Cornerstone members and local chambers along with the results of our CEO Poll and Annual Competitiveness Index were used to frame the state's key business issues on this agenda. Through this process, business leaders from across the state have told us their concerns, and we are confident that the 2012 Legislative Agenda for Economic Growth reflects the need to **reduce the cost of doing business** in Kansas so that we can **keep jobs** and **grow our economy.**

In lieu of the state's budget and the impact of the national recession on our local economy and business climate, our members have a heightened interest in **promoting government efficiency.** The core focus of the Kansas Chamber's work at the Statehouse will be on protecting the business community from increased costs such as higher taxes, user fees and revoked tax exemptions.

These are challenging times in Kansas for our government and for businesses. But, **United for Business,** we can work together to revitalize our economy and **return prosperity to our state.**



"The Kansas Chamber has a strong legislative agenda developed with direct input from businesses across the state and supported by sound data. The Kansas Chamber listens to Kansas employers and takes our message to the Statehouse to develop strong policies for businesses in our state."

Dave Murfin, *President, Murfin Drilling Company, Inc.*

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* Both a Federal and State issue

Kansas Business at a Glance

The Kansas Chamber commissions Cole Hargrave Snodgrass & Associates to poll 300 member and non-member businesses that are reflective of Kansas businesses geographically and with regard to number of employees. The issues identified by the business community in the CEO poll lay the foundation for the 2012 Legislative Agenda.

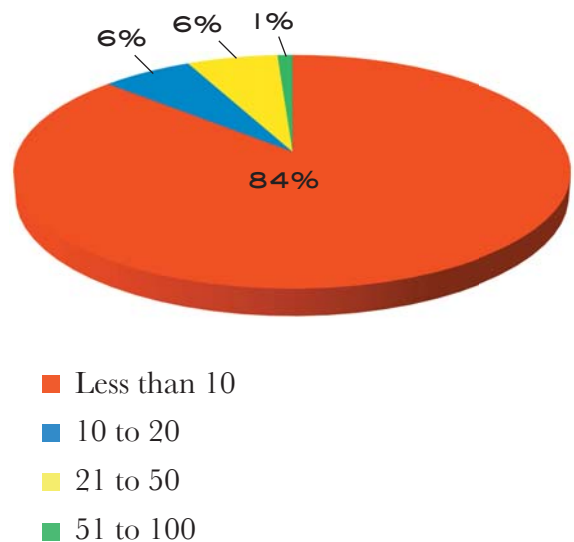
Most Important to Profitability:

MENTIONED:

Workers' compensation	18%
Unemployment compensation	6%
Managing health care costs	32%
Lower taxes on business	34%
Decrease regulation/mandates	21%
Stop frivolous lawsuits/tort reform	15%
Limit growth of state government	13%
Economic incentives for business	15%
Reduce fuel and energy costs	28%

(Each survey participant was allowed up to two responses)

Number of Business Employees



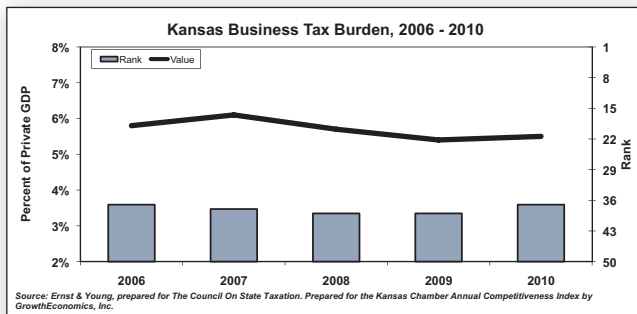
Taxation*

reduce taxes, encourage investment and growth

The Kansas Chamber urges the Legislature to avoid increasing the cost of doing business, and will encourage efforts to:

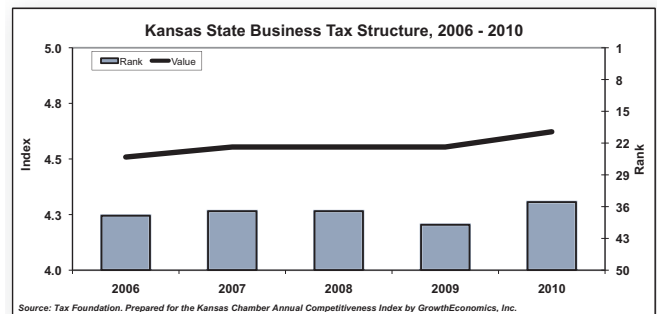
- Reduce government spending instead of increasing the cost of doing business through tax increases
- Restructure the tax code by eliminating corporate and individual income taxes to reduce volatility in revenues and encourage investment in Kansas
- Oppose the sunset or repeal of existing sales tax exemptions on business inputs and professional services
- Retain and enhance tax incentives to include more flexible investment and job development tax credits with options for cash incentives
- Oppose elimination of the High Performance Incentive Program (HPIP)
- Reimburse retailers a percentage of the cost to comply with collecting and remitting sales taxes to the state
- Solve inequities regarding collection of sales taxes by out-of-state, online-only retailers

* Both a Federal and State issue



WHAT'S IT MEAN?

Business tax burden accounts for all business tax costs as percentage of private state GDP. Kansas has experienced a decline in the business tax burden between 2007 and 2009 without significant improvement in ranking as other states have followed suit. A slight increase in burden in the most recent year in contrast still led to a small improvement in ranking to a current position of 37th.



WHAT'S IT MEAN?

This measure is the Corporate Tax Index taken from the Tax Foundation. It strives to measure fairness and balance across all businesses by favoring tax systems that are simple and have low tax rates across a broad base. The Kansas score has seen some improvement over the past five years. However, the state continues to rank below mid-point at a current rank of 35th.



“Now more than ever, the work of the Kansas Chamber is critical to our state’s businesses, workers and families. The Kansas Chamber has a proven track record of addressing the issues which impact the cost of doing business and our state’s ability to compete for jobs and keep them in Kansas.”

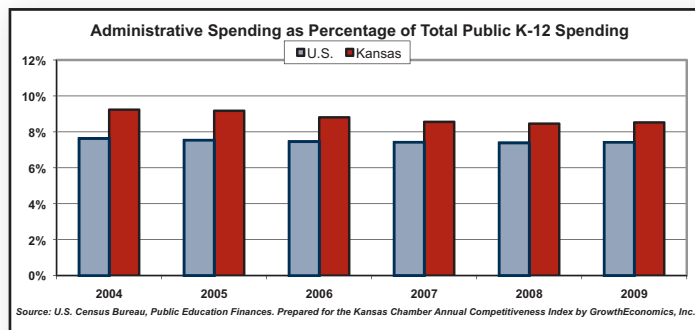
Mike Maddox, *President & CEO, CrossFirst Bank*

Government Efficiency

create an environment for job growth

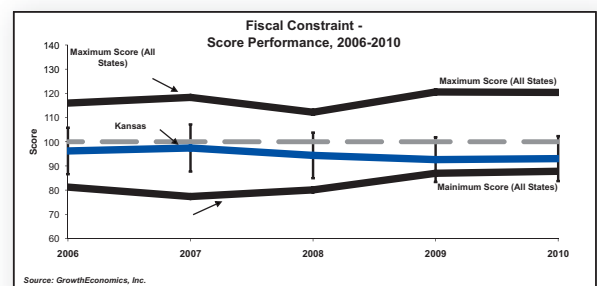
The Kansas Chamber encourages government reform aimed at lowering the overall cost of state government so it is more affordable to Kansas businesses and residents through policies that:

- Promote adoption of “Lean Government” practices to transform the state into a more efficient enterprise
- Implement priority- or performance-based budgeting throughout all levels of state government
- Establish transparency and uniformity in budgeting for all levels of state government
- Set aside budget stabilization or “rainy day” funds for economic downturns
- Establish a “BRAC-like” process for closure or realignment of government functions and agencies
- Support outsourcing state government functions to the private sector while maintaining needed services and lowering the cost of doing business in Kansas
- Establish a framework to encourage and provide incentives for the consolidation of local units of government and school districts
- Oppose use of public funds to bring litigation in pursuit of more public funding



WHAT'S IT MEAN?

Opportunities for improvement in K-12 efficiency remain – certainly at the administrative level. Kansas administrative spending as a percentage of total K-12 spending persistently exceeds the U.S. average, though over the five years up to 2009 there were signs of improvement. The gap narrowed in 2009, but mainly due to the U.S. average rising, not the Kansas measure falling.



WHAT'S IT MEAN?

This score combines metrics of fiscal condition that act as a limitation on next stage growth. A higher score reflects fewer fiscal constraints. Kansas has scored consistently below the majority of states with slippage since 2007. A 10% improvement in performance would put it just above the majority of states.



“American businesses are overtaxed and Kansas companies pay some of the highest corporate income taxes in the world, increasing the costs of our goods and services, as well as the strain on Kansas families. The Kansas Chamber is the voice for change to make our state the best in America to do business.”

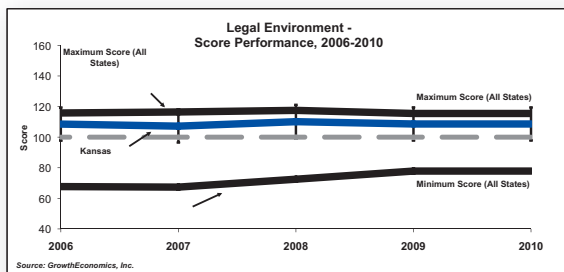
Congressman Tim Huelskamp (KS-1)

Legal Reform

promote fairness, reduce liability

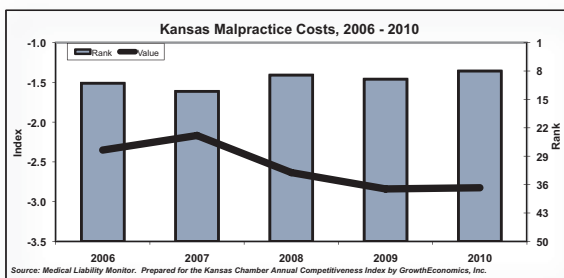
The Kansas Chamber supports efforts to improve the legal climate in Kansas by reducing incentives for litigation that disproportionately awards plaintiffs and will support legislative efforts to:

- Support the current cap for settlements awarded for non-economic damages
- Support legislation allowing parties to collect attorney’s fees as a prevailing party to a frivolous lawsuit
- Modify or completely repeal the collateral source rule
- Reform state standards for admissible expert evidence to mirror federal rule in order to reduce the impact of junk science on court judgments
- Support legislation overturning the Kansas Supreme Court decision on strict liability of second-hand sales
- Repeal the full consideration remedy currently permitted under the Restraint of Trade Act and reduce incentives to bring frivolous lawsuits against Kansas businesses



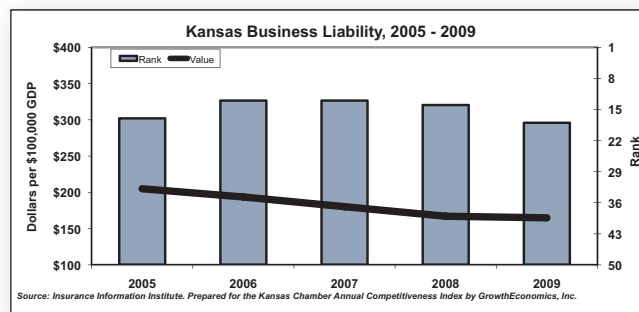
WHAT’S IT MEAN?

This score includes two of the most widely used annual report cards on state legal climate as well as performance in business liability costs. A higher score means a more competitive legal environment. Kansas shows above midpoint performance but with slight gradual slippage over the past two years. The state still ranks among the top 15 states.



WHAT’S IT MEAN?

Medical malpractice costs are another measure of the regulatory environment. This index is a combined measure of internal medicine, general surgery and OB/Gyn malpractice coverage carried by physicians. Kansas has maintained a position in the top 15 states for several years.



WHAT’S IT MEAN?

One metric of particular importance under legal climate is average business liability coverage (product and legal). This cost has been decreasing for Kansas for five years. However, because other states have also been aggressive on this front, Kansas’ ranking has declined somewhat. The state is now close to midpoint at rank 18.

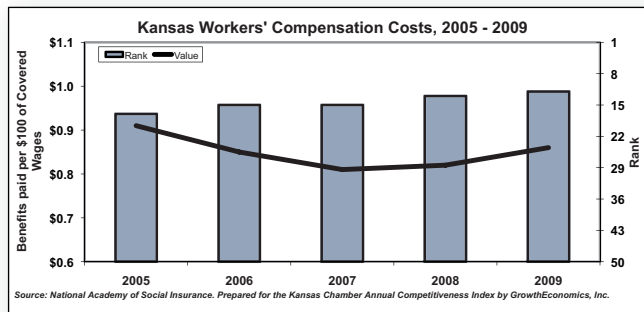
Human Resource Issues*

reduce costs to promote growth

The Kansas Chamber supports policies that promote fairness and protect employer costs and will:

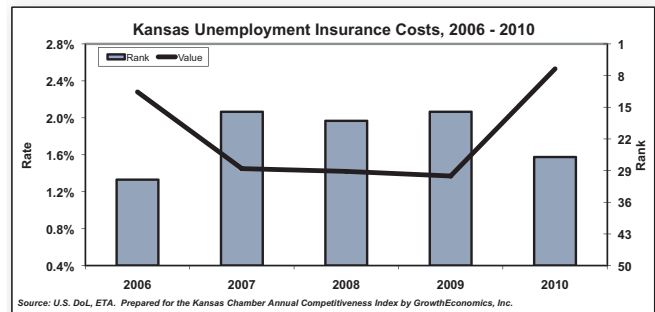
- Support changes to the Employment Security Trust Fund that restore the integrity of the employer rating system to determine contribution rates and establish policies to ensure and maintain integrity of the comprehensive unemployment insurance system
- Encourage federal resolution to immigration reform and oppose state legislation increasing penalties or threatening the business licenses of employers who have unintentionally hired illegal workers
- Modify the workers' compensation nomination process for Administrative Law Judge and Board of Appeals appointments to ensure those with the highest qualifications are appointed
- Maintain fair labor practices by opposing unfair advantages for union organization, including "union card check" legislation
- Oppose use of state and local government resources to collect funds and fees for political activities

* Both a federal and state issue



WHAT'S IT MEAN?

Kansas workers' compensation benefits per \$100 of covered wages declined for several years before seeing a turnaround in 2008. Despite this fallback, the state has been able to improve its competitive position as other states have not been able to control their costs, leading to a 2009 rank of 12, up from rank 17 in 2005.



WHAT'S IT MEAN?

Kansas unemployment insurance costs (average rates paid on all wages) showed decline from 2006 to 2009, with an improved competitive position from rank 36th to 17th. However, the recession years slowed down the progress and 2010 costs rose quite noticeably, with a loss in ranking to 26th.



"While business leaders are striving to keep their doors open and employees on the payroll, the Kansas Chamber is working with lawmakers to craft pro-business policies. Our ability to keep jobs in Kansas directly depends on the advocacy of the Kansas Chamber on the issues that impact business's bottom line."

Ivan Crossland, CEO, Crossland Construction

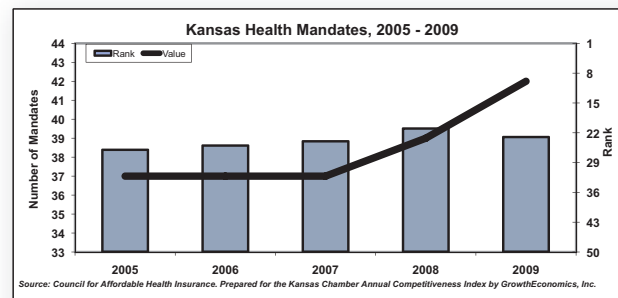
Health Care*

promote fairness, reduce liability

The Kansas Chamber supports meaningful health care reform aimed at lowering the overall cost of health care so it is more affordable for employers and will encourage policies that:

- Oppose government competition with the private market
- Oppose mandated employer-based coverage or payment
- Expand tax incentives available for employers and individuals choosing to purchase individual policies or health savings plans
- Defend the rights of employers to choose the plans they offer
- Support provision allowing the State of Kansas the ability to opt out of the recently passed federal health care legislation
- Support state-level implementation of policy measures that improve efficiency and effectiveness of health systems
- Support equal access for employers to purchase insurance through private exchanges
- Support tort reform to reduce medical liability
- Reduce cost-increasing mandates insurers are required to include in policies so that more affordable plans are available for employers
- Increase personal participation in health care purchasing

* *Both a federal and state issue*



WHAT'S IT MEAN?

Health mandates are one component of a state's regulatory environment. Increasing mandates (benefits, providers, covered population) since 2007 have dampened Kansas' ranking, which remains around midpoint.



“As a small business owner focused on the daily operations of my business, I count on the results of the Kansas Chamber’s advocacy. Their efforts with lawmakers in Topeka consistently result in better business policies that continue to ensure that small businesses, like mine, can succeed and stay here in Kansas.”

Shirley Martin Smith, *Owner, Adecco Staffing*

Energy, Environment and Regulatory Affairs*

balance policies that promote market-driven solutions to higher energy costs

The Kansas Chamber supports efforts to maintain a comprehensive energy policy that balances a diverse portfolio of energy sources and technologies, and will:

- Avoid picking winners and losers among energy sources and technologies
- Support incentives for businesses to voluntarily utilize energy more efficiently versus penalties and/or mandates
- Oppose mandates and policies that increase business costs when sourcing energy
- Promote the development of market-driven energy technologies
- Support efforts to maintain a set of clear requirements in the regulatory process that instills confidence for businesses that follow the rules when seeking to do business in the state

* *Both a federal and state issue*



“As businesses across the state press through these challenging economic times, the Kansas Chamber is leading efforts to stimulate investments, keep jobs in Kansas and grow business opportunities to return stability to our state’s economy.”
Jay Allbaugh, *Vice President, Cox Communications*

Becoming a Pro-Jobs Legislator

Being recognized by the Kansas Chamber as a pro-jobs legislator signifies support for policies with a **statewide impact on the cost of doing business** in Kansas.

The mission of the Kansas Chamber is to make Kansas the best state in the nation to do business. Pro-jobs legislators **support the efforts of the Kansas Chamber** more than 80 percent of the time with key votes on core business issues such as: seeking government efficiencies; the omnibus and mega-appropriations bills; tax policy; workers' compensation reform; health care reform; energy, environment and regulatory affairs; tort reform; business development; and campaign finance.

Additionally, pro-jobs legislators **consistently work to strengthen our state's economy** by **promoting sound business policy** in their committees, through their communications, and by their efforts both in Topeka and in their home communities.

Promoting a strong business climate and **preventing additional costs for employers** will **grow jobs in Kansas** and **speed our state's economic recovery**.

Together we are making **Kansas the best state in America to do business**.



“Having run two successful companies, I understand the importance of fiscal responsibility and what it takes to create jobs. The Kansas Chamber stands up for the rights of entrepreneurs so business can build jobs right here in Kansas.”
Congressman Mike Pompeo (*KS-4*)

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“The Kansas Chamber understands that businesses are the engines that drive the American economy. Their work to partner with policymakers and keep government from hindering economic growth by adding cumbersome layers of bureaucracy, taxes and regulatory burdens is critical to Kansas’ ability to compete in the global marketplace.”
Congressman Kevin Yoder (KS-3)



THE PREMIER BUSINESS ORGANIZATION IN KANSAS, WORKING
AT THE STATEHOUSE TO REDUCE COSTS FOR ALL BUSINESSES.