

A Survey of 300 Business Owners and Leaders in Kansas

Margin of Error: +/- 5.6%

Interviewing Conducted October 23 – 31, 2017

Pat McFerron

President

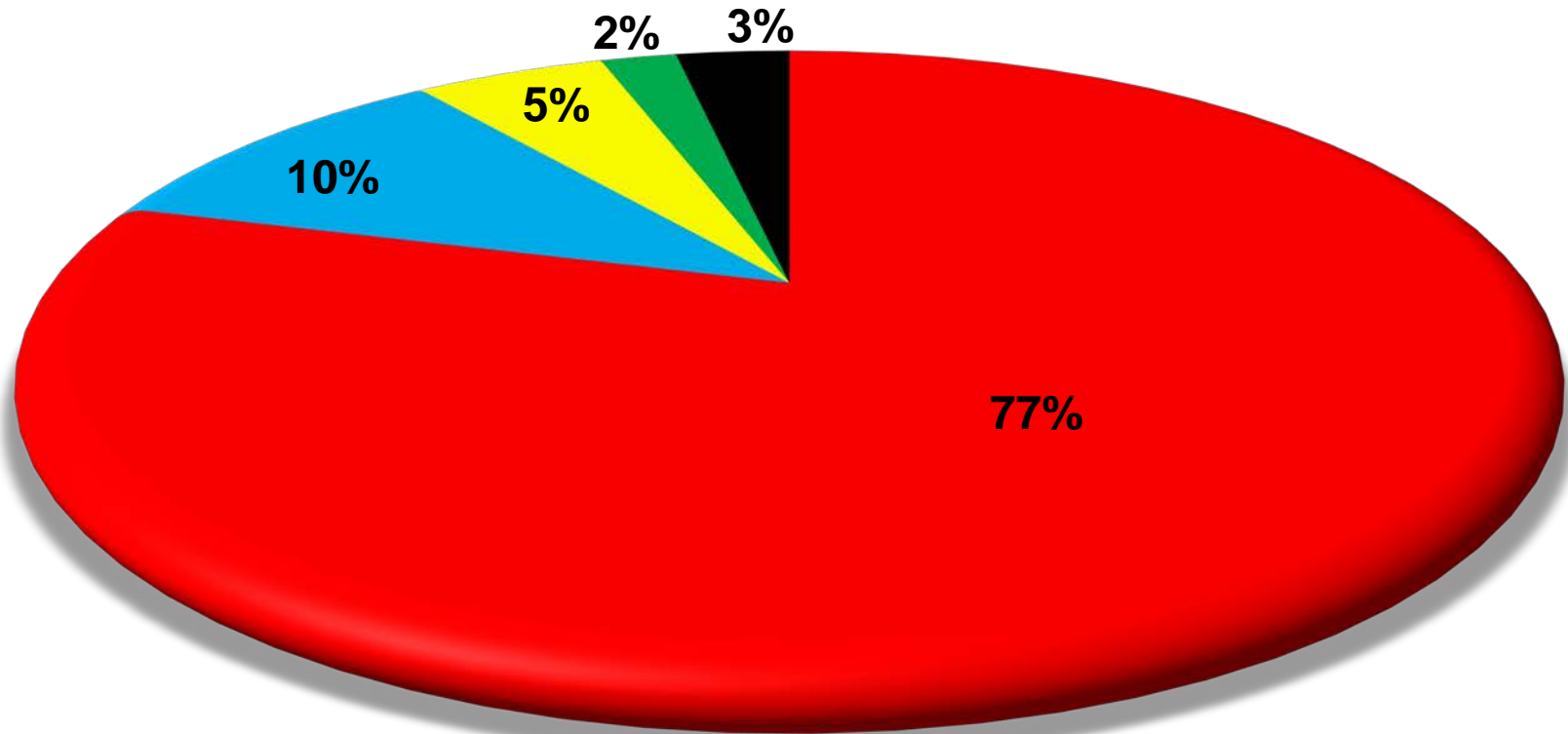
Cole Hargrave Snodgrass & Associates

Kansas Business Leaders Survey



Number of Employees in Businesses Polled

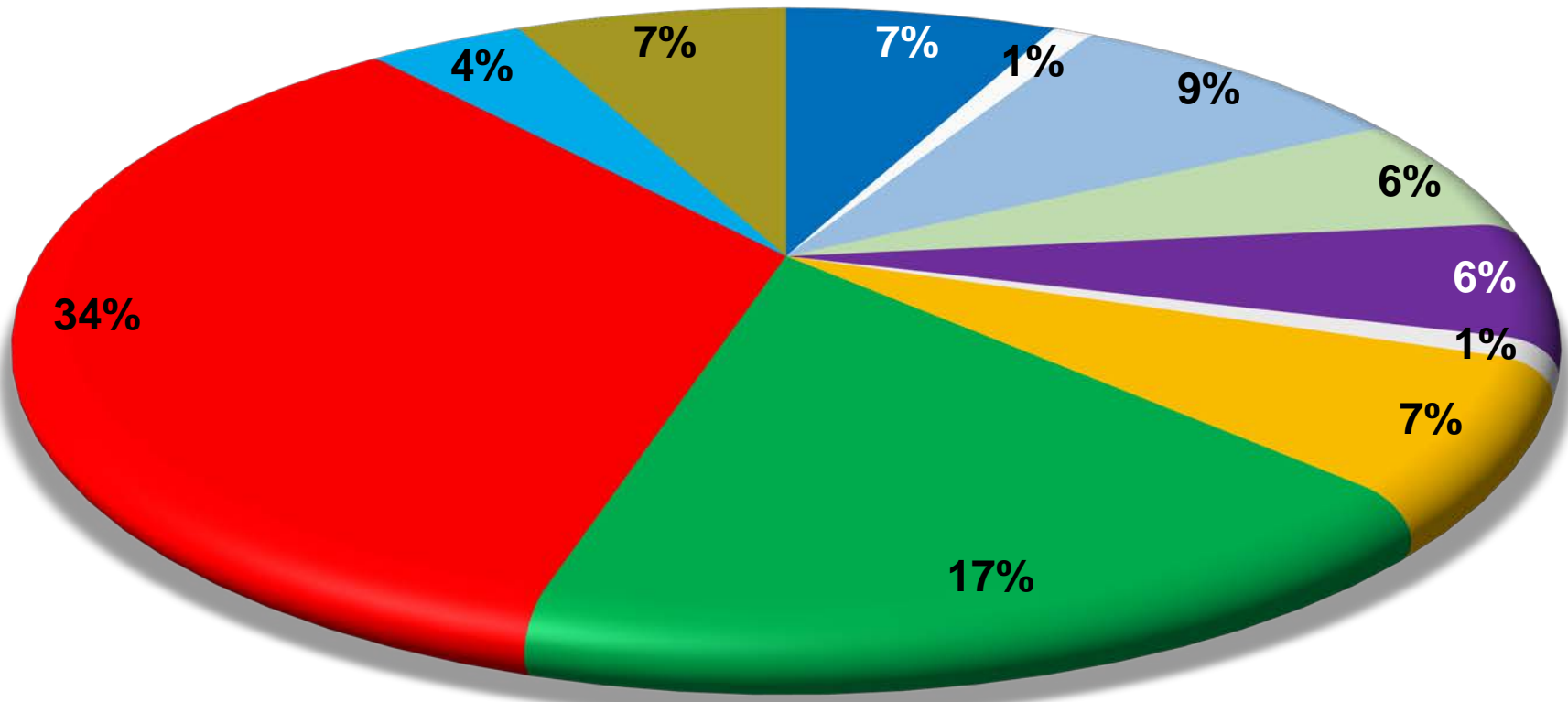
■ Less than 10 ■ 10 to 20 ■ 21 to 50 ■ 101 to 500 ■ Refused



As has been consistent in past polls, this study is dominated by the smallest businesses. A person with 2 employees has the same say as one overseeing 200 in this study.

Industry Groups

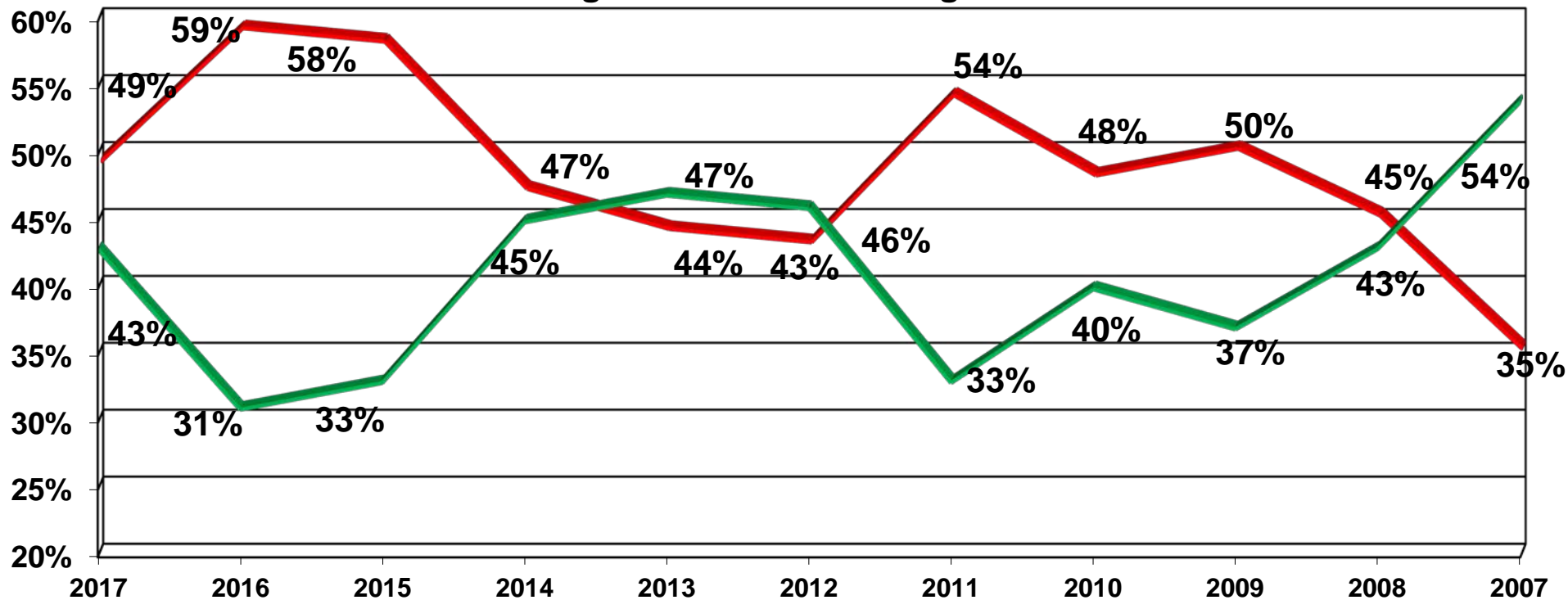
- Agriculture
- Manufacturing
- Wholesale
- Health Care
- Mining/Extr.
- Transportation
- Retail
- Other Services
- Construction/Repairs
- Utilities
- Professional Services



Kansas Economy on the Right Track?

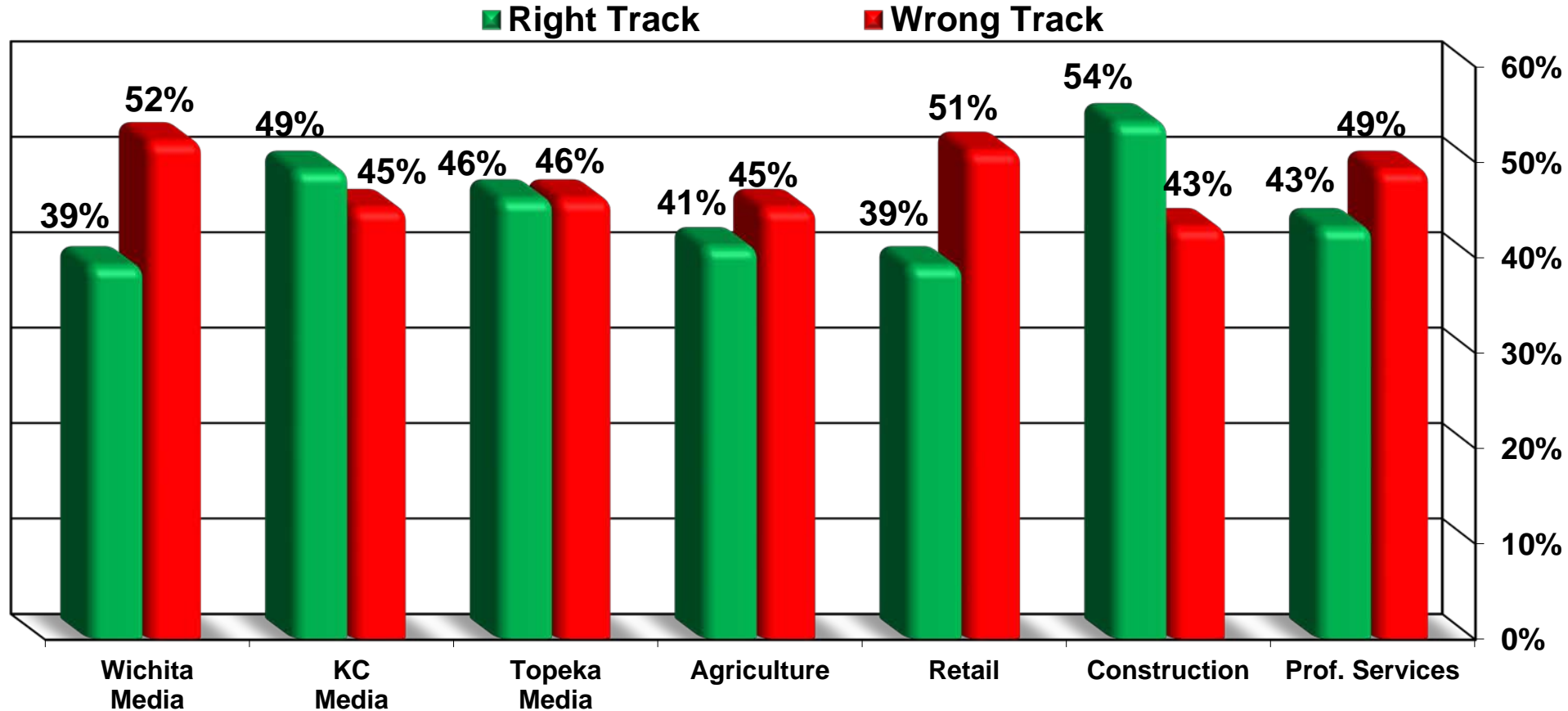
43% Right Track; 49% Wrong Track; 8% Undecided

■ Right Track ■ Wrong Track



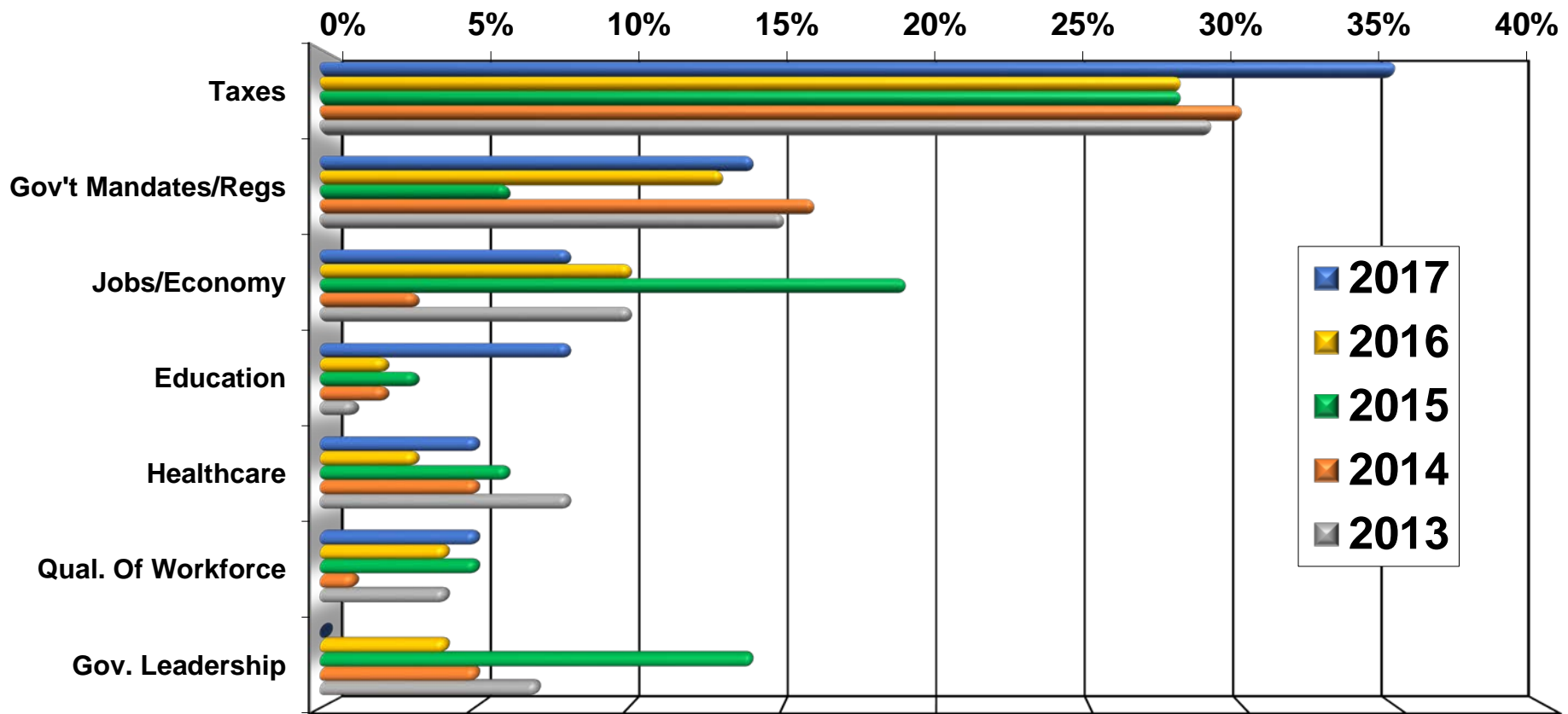
While still negative, we see a substantial uptick in opinion about the direction of the economy among business leaders.

Kansas Economy on the Right Track?



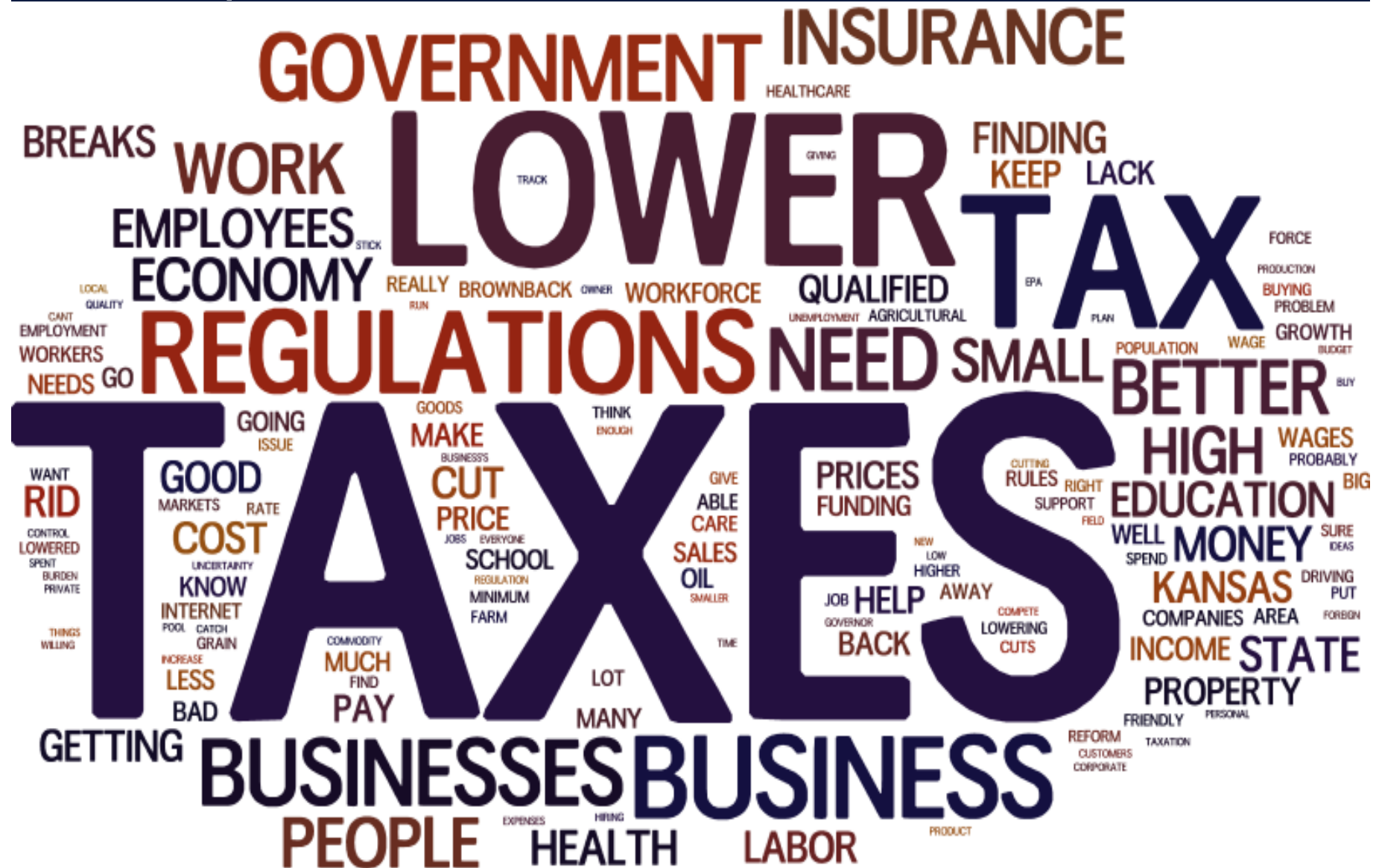
We see improvement across the state. The greatest leaps, however, are seen in the agriculture and construction sectors.

Most Important Issues for Kansas Business (Open Ended)



Taxes are becoming an even greater concern. It has always been at the top, but this year has become even more intense. Education, healthcare and quality of workforce also became more of a larger concern. We see the economy and government leadership become less of a concern.

Most Important Issues for Kansas Business

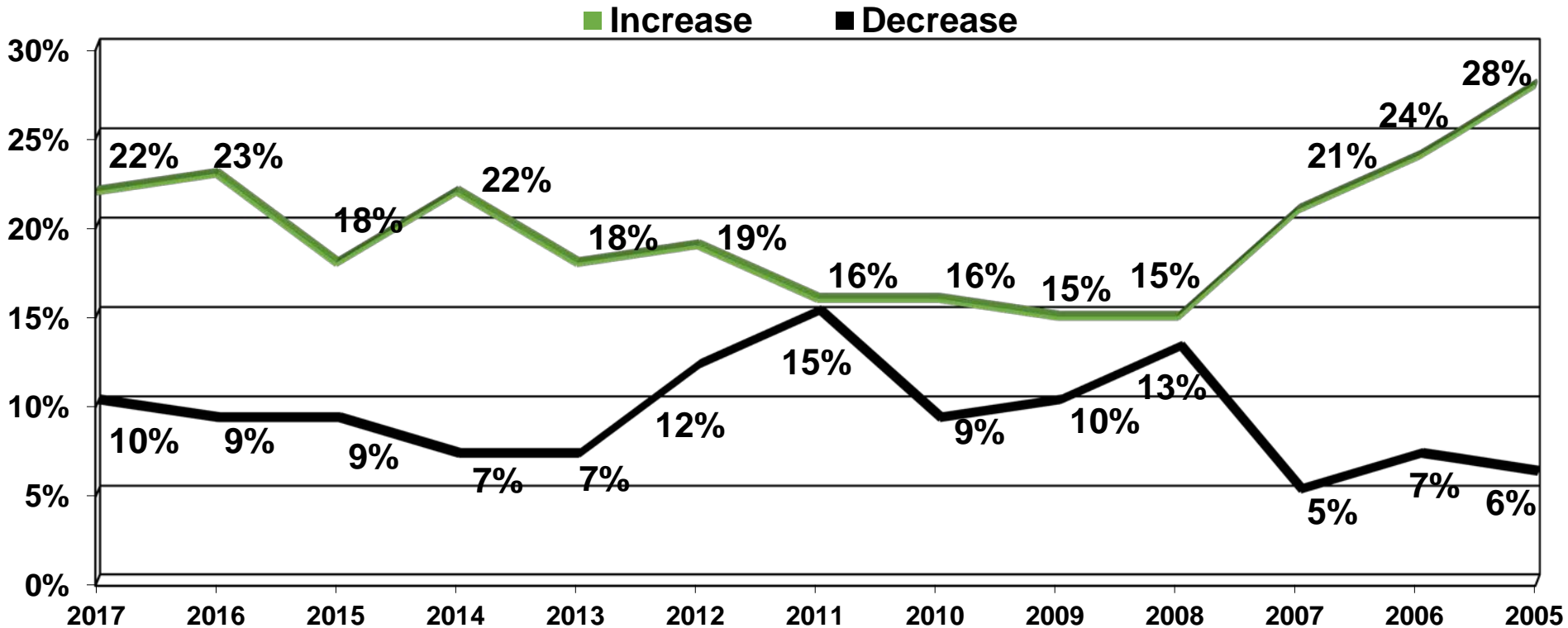


Most Important to Profitability? (Up to 2 Selected)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Workers' comp	9%	11%	5%	8%	8%	8%	18%	13%	19%	4%
Unemployment comp	5%	5%	5%	5%	5%	8%	6%	7%	3%	1%
Manage healthcare costs	37%	44%	34%	33%	31%	30%	32%	38%	32%	23%
Lower taxes on business	45%	38%	41%	40%	40%	30%	34%	49%	43%	35%
Decrease regs/mandates	27%	30%	27%	29%	26%	23%	21%	22%	18%	13%
Stop friv. lawsuits	10%	12%	14%	16%	15%	16%	15%	16%	13%	13%
Limit growth of gov't	18%	21%	23%	13%	11%	12%	13%	14%	17%	16%
Economic Incentives	15%	12%	17%	17%	15%	17%	15%	20%	18%	13%
Reduce fuel/energy costs	11%	10%	12%	19%	31%	24%	28%	21%	20%	42%

Workforce Size Over Next Year

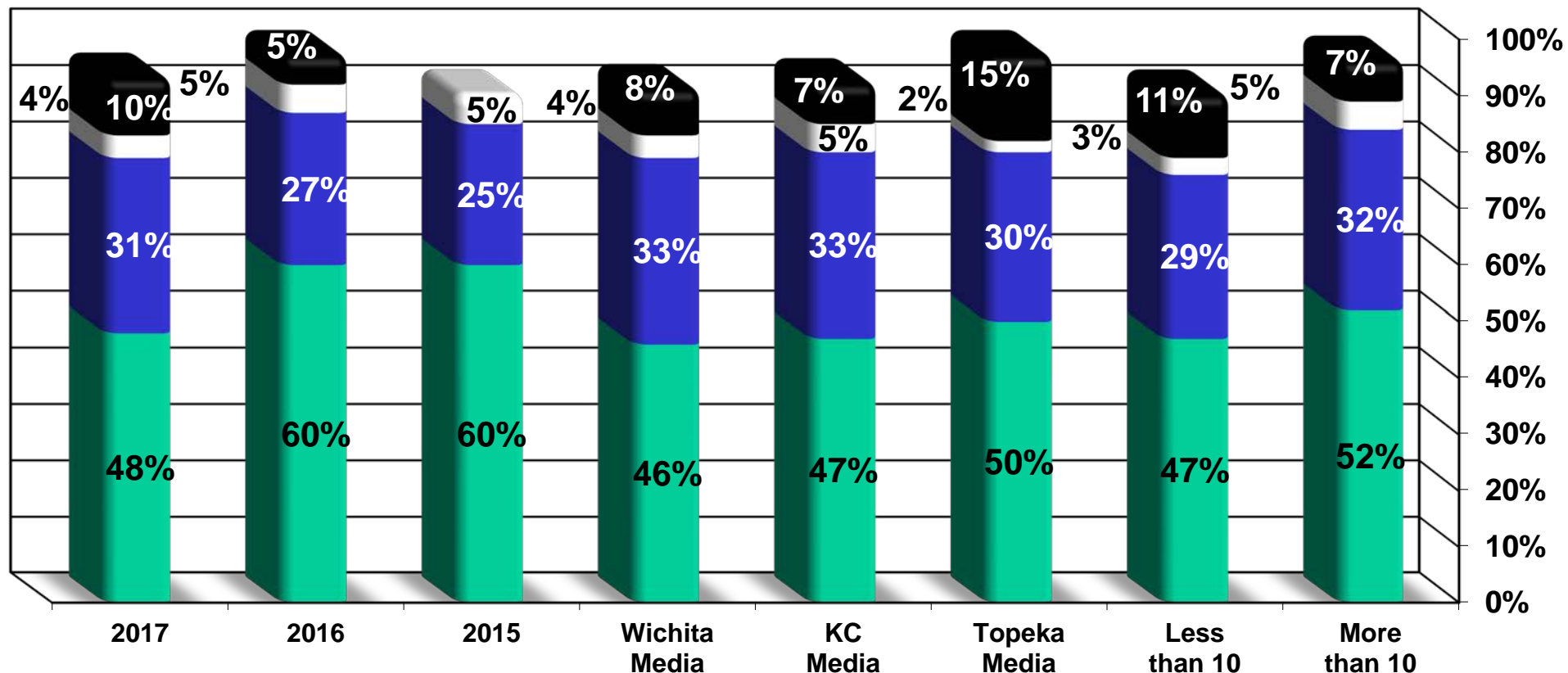
4% Increased substantially; 18% Increased moderately; 66% Stayed the same; 10% Decreased moderately; 3% Undecided



Optimism for hiring in the coming year is consistent with last year, and higher than much of the last decade.

Greatest Concern with Kansas Workforce?

■ Soft Skills
 ■ Technical Skills
 ■ Employees w/ Degrees
 ■ Pass Drug Test



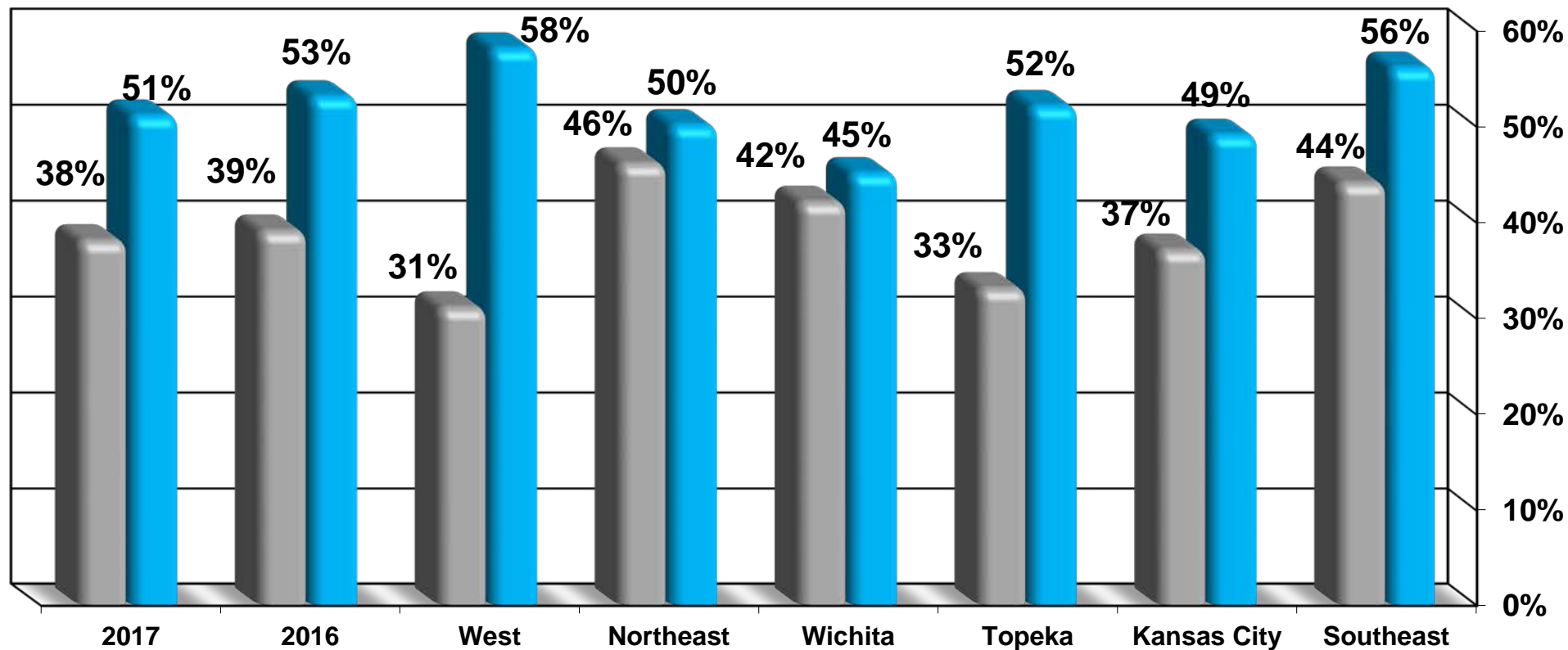
Asked for the last three years, we do see a growth in concerns about passing drug tests – though this issue still pales in comparison to the need for both soft and technical skills. Finding employees with degrees remains a rather minor concern.

More Important for Improving Education?*

38% More Funding; 51% Improving Performance; 11% Undecided

■ More Funding

■ Improving Performance

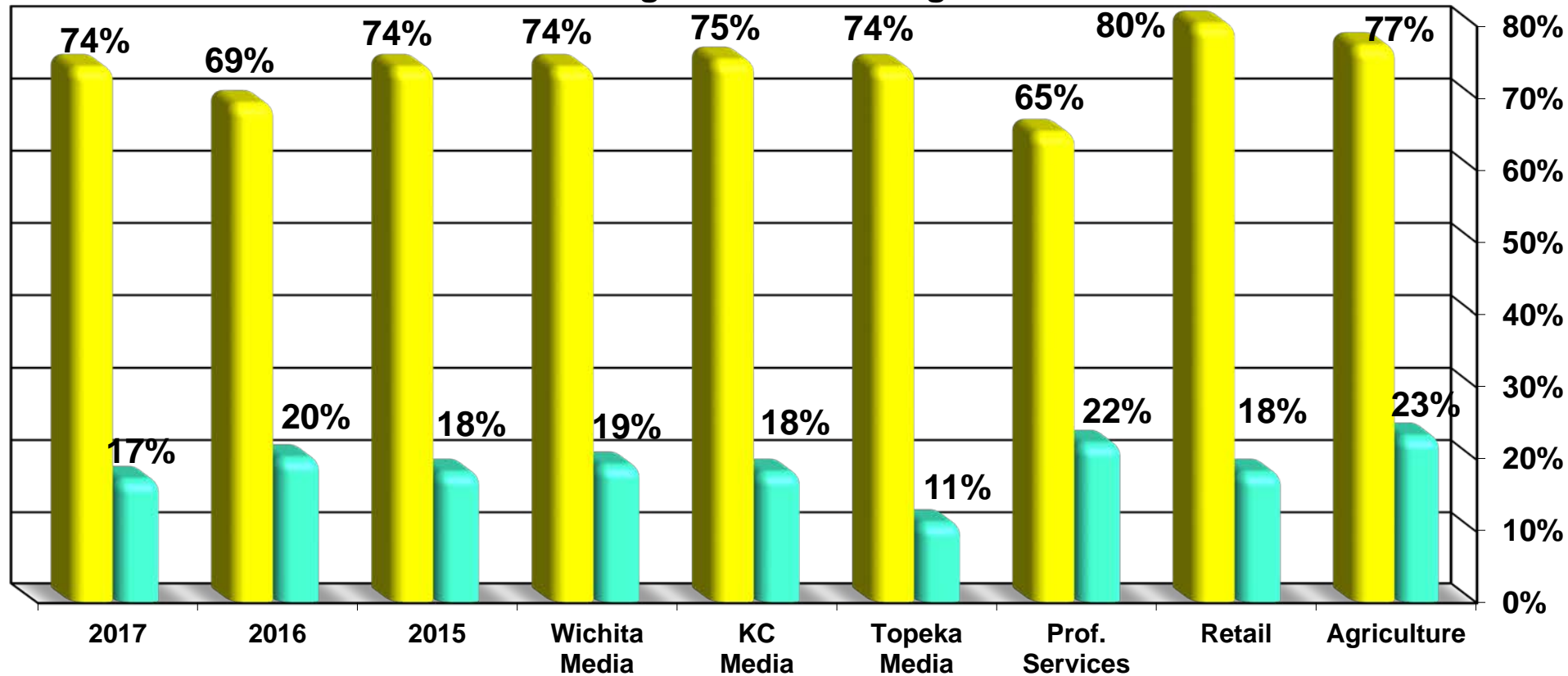


We continue to see a majority of business leaders focused on improving performance and rigor than in getting more money to schools.

Agree Too Much Funding is Focused on Administration?

74% Agree; 17% Disagree; 9% Undecided

■ Agree ■ Disagree

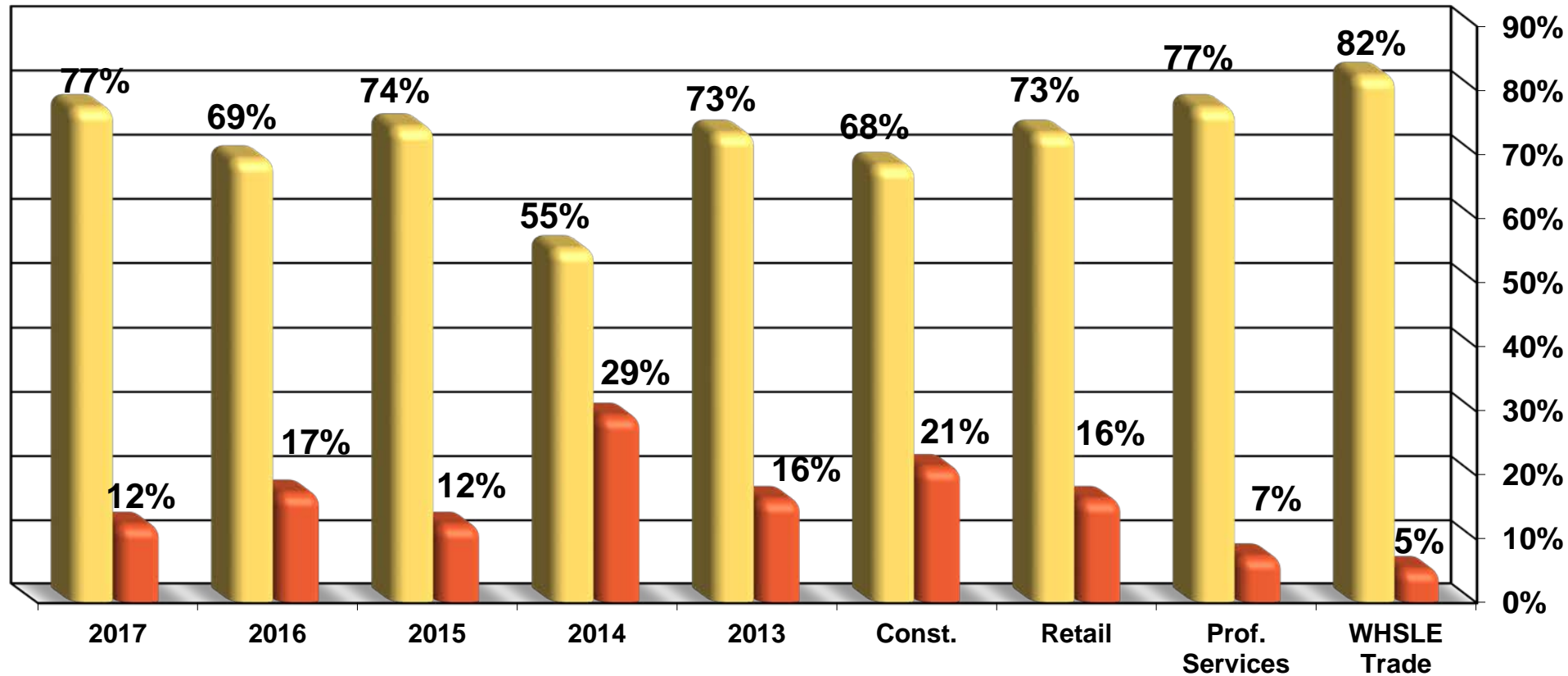


We continue to see business owners saying there is too much focus on administration as opposed to on student achievement. This is a strong message.

Get more than 55% of education dollars to classrooms

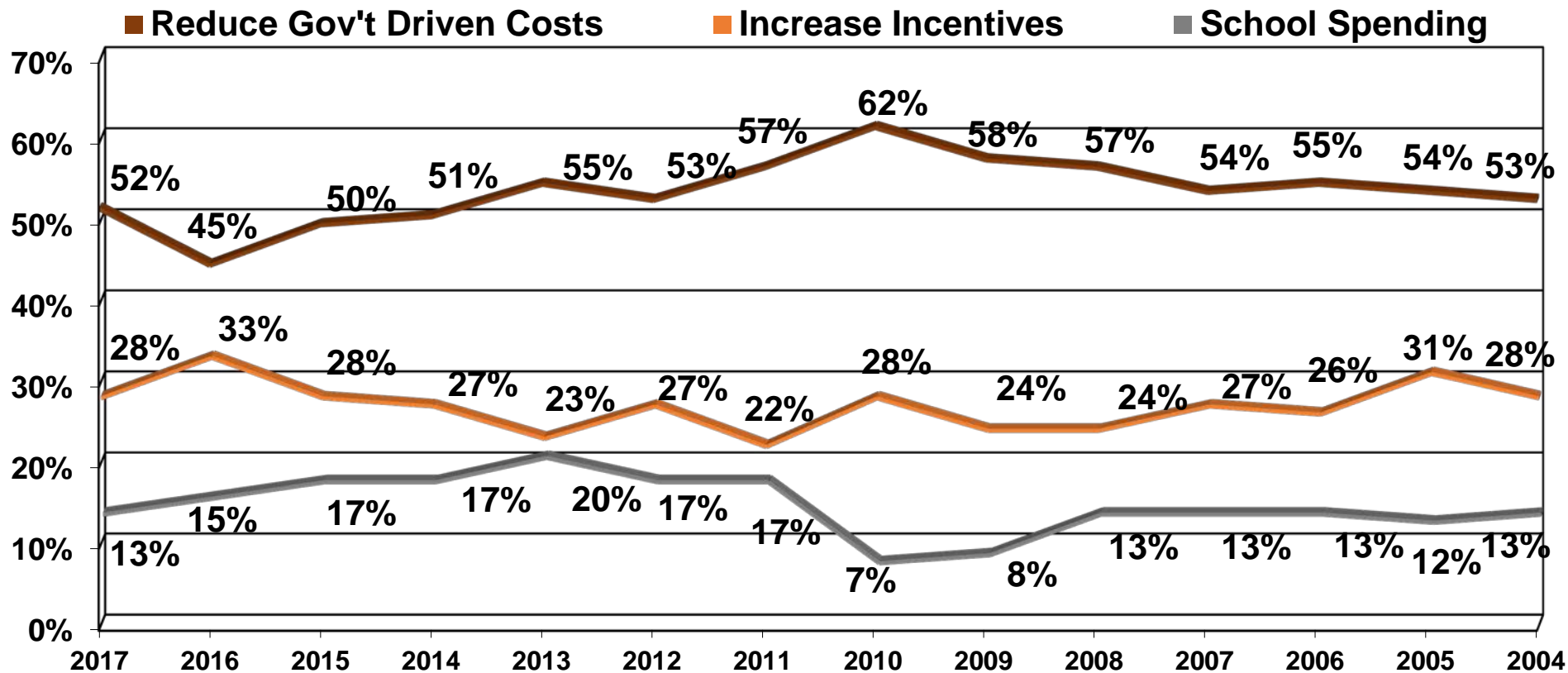
77% Favor; 12% Oppose; 12% Undecided

■ Favor ■ Oppose



This message resonates more today than we have seen.

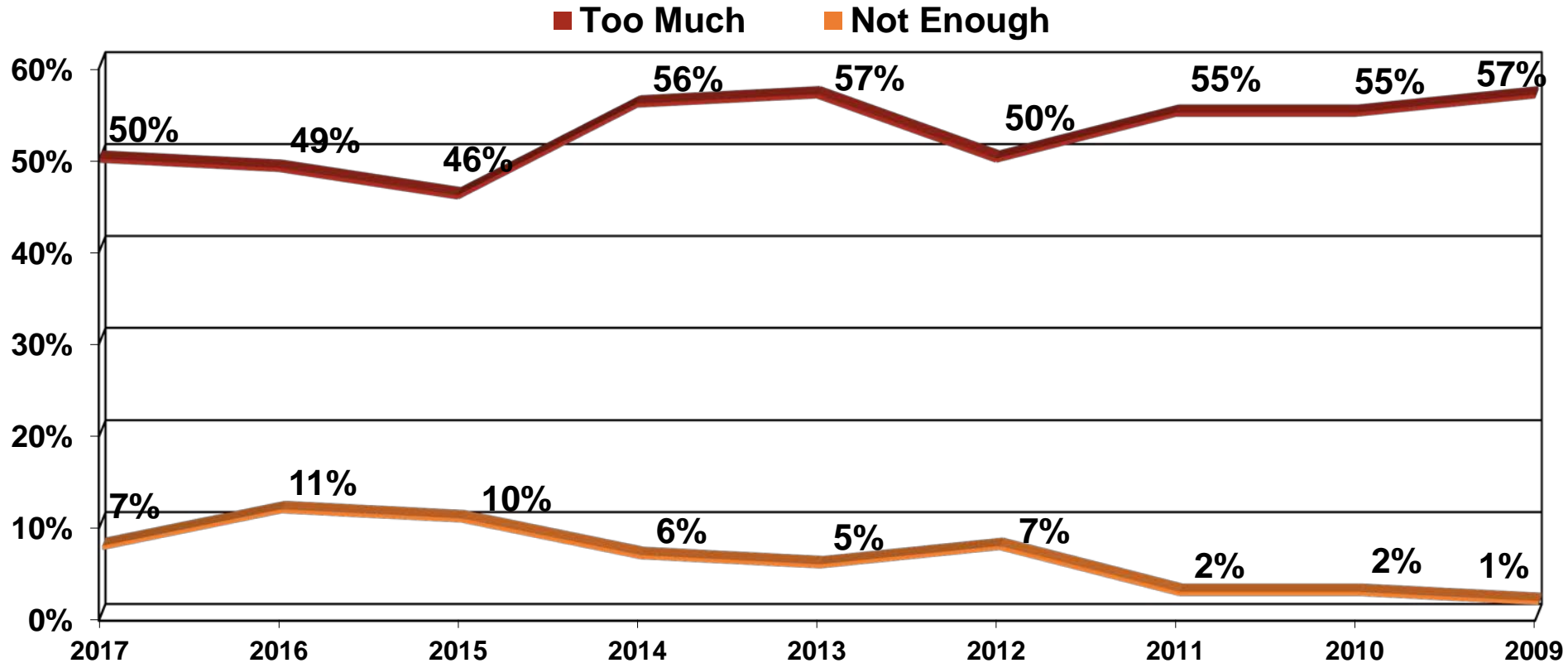
Best Economic Growth Program?



This year, we see an increase in those saying reducing the government driving costs is the key to economic growth, reversing a four-year decline. We also see a break in the trend of wanting increased incentives, but also a continuation of decline in those seeing increasing school spending as the best economic growth plan.

How Much Paid in Taxes? (State and Local)

50% Too Much; 7% Not Enough; 41% About Right; 2% Undecided

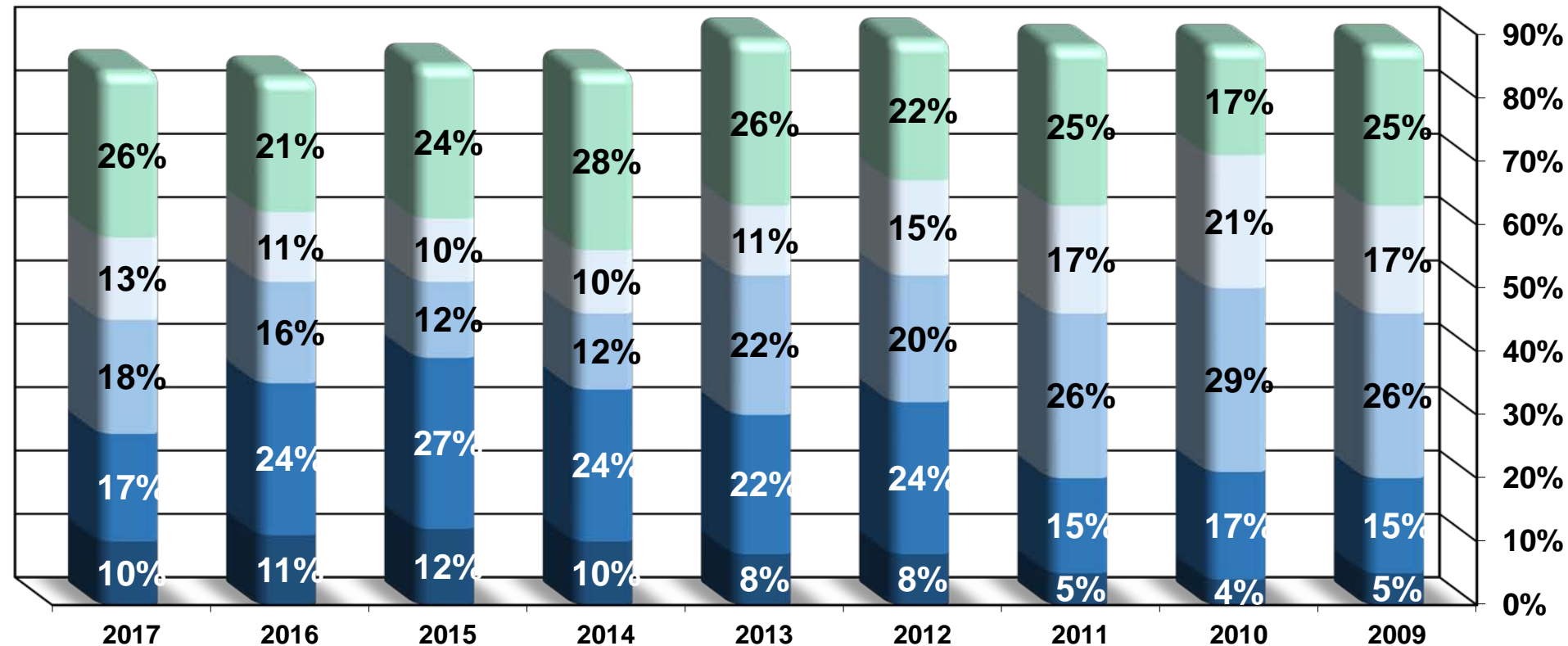


After seeing the “Not enough” rise to double-digits, it has dropped back down to 7%.

How Much Should Be Cut?

**10% Never Cut; 17% Cut Up To 5%; 18% Cut 6% - 10%; 13% Cut More Than 10%;
26% Never Raise Taxes; 16% Undecided**

■ Raise Taxes / Never Cut ■ Cut Up to 5% ■ Cut 6 - 10% ■ Cut More than 10% ■ Never Raise Taxes

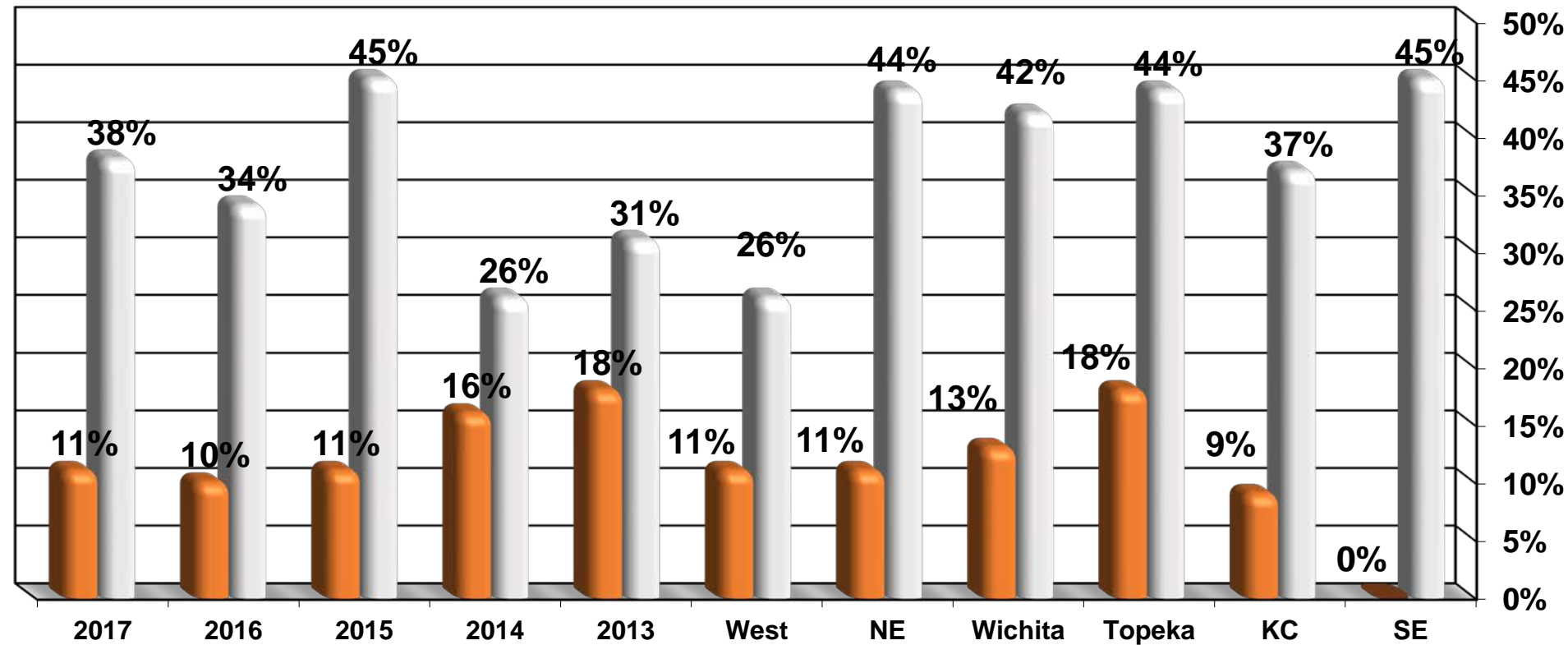


We see the “Never raise taxes” crowd growing while the “Never cut” crowd is diminishing. In fact, those who would raise taxes before cutting more than 5% is the lowest we have seen it since 2011.

Change State Sales Tax?

11% Increase; 38% Decrease, 49% Stay the Same; 2% Undecided

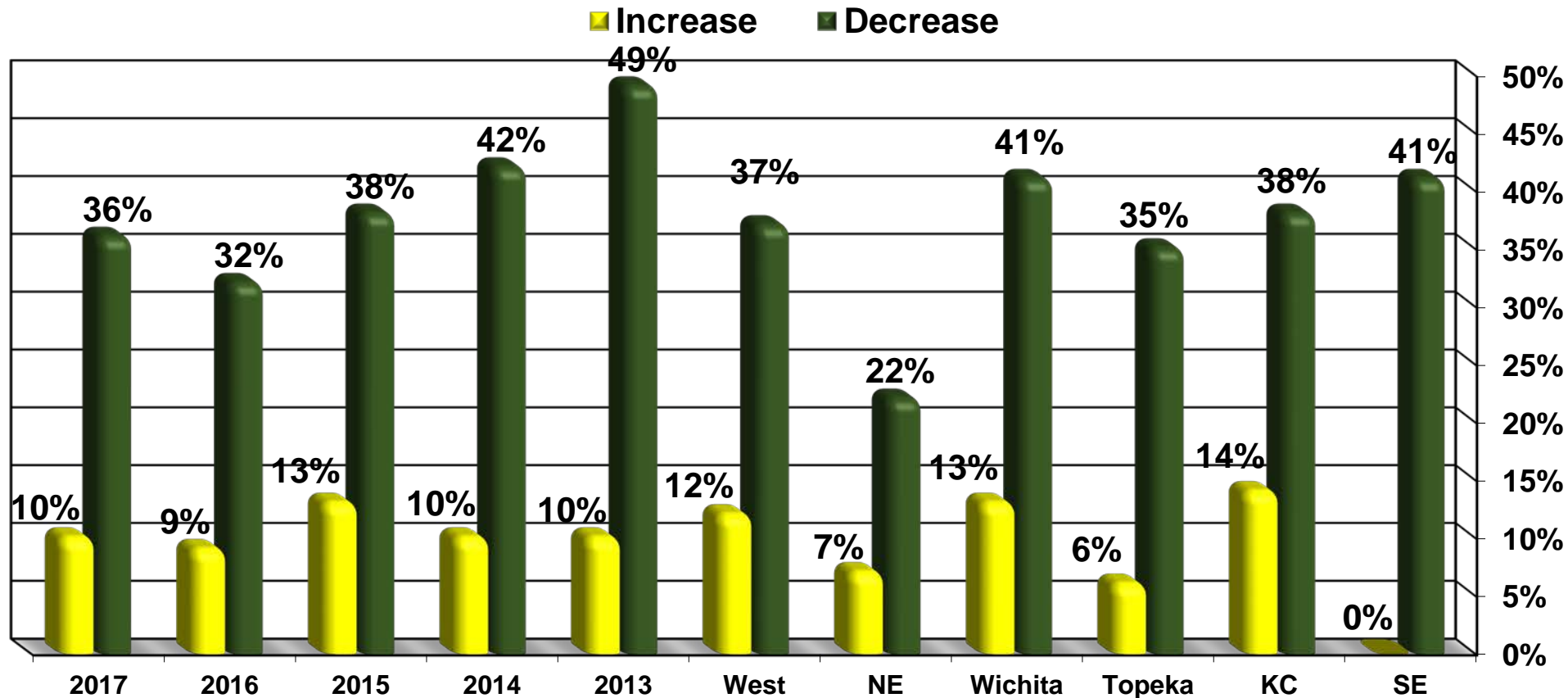
■ Increase ■ Decrease



Those wanting to decrease the state sales tax continue to grow, though it is not as high as we saw it in 2015.

Change Personal Income Tax?

10% Increase; 36% Decrease, 51% Stay the Same; 3% Undecided

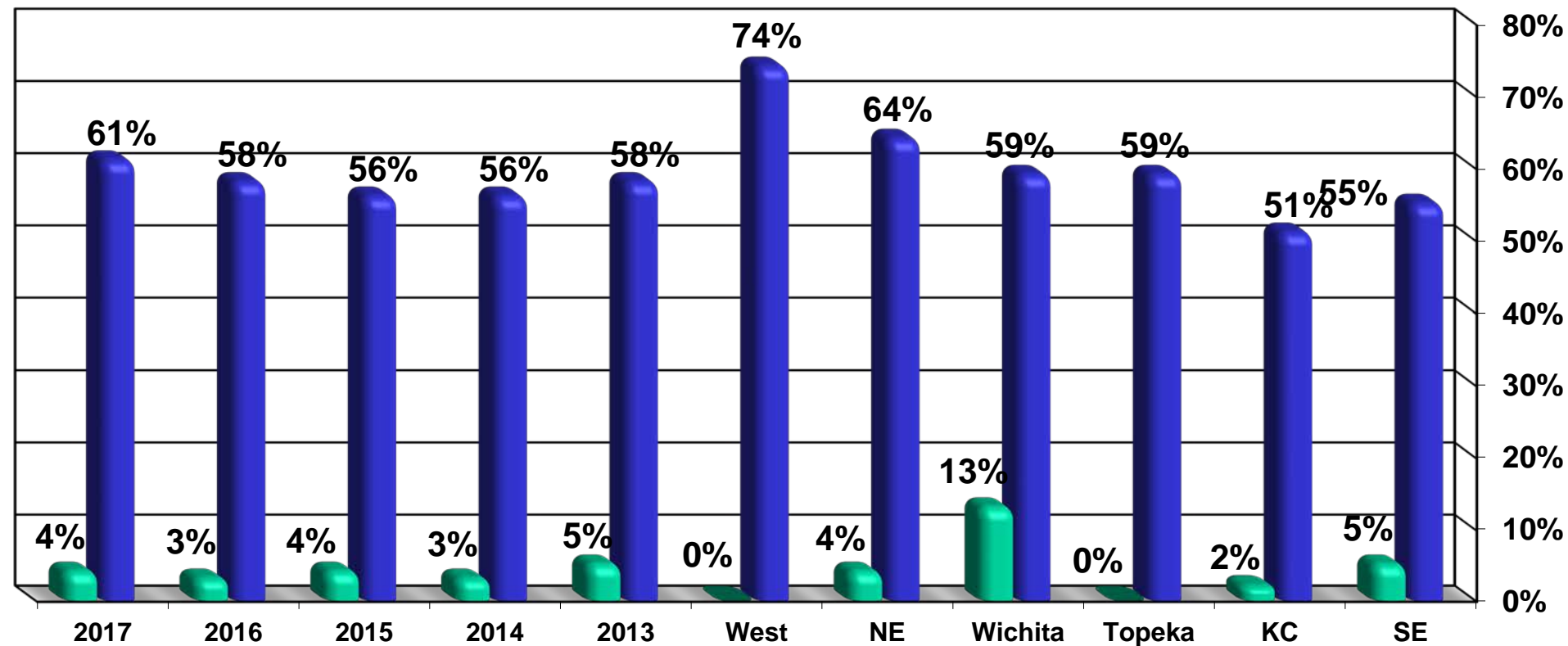


We see a reversal in the four year trend that had seen a decline in those wanting the personal income tax decreased. While still a far cry from the 2013 numbers, this question again shows the increase in tax sensitivity.

Change Property Tax?

4% Increase; 61% Decrease, 34% Stay the Same; 1% Undecided

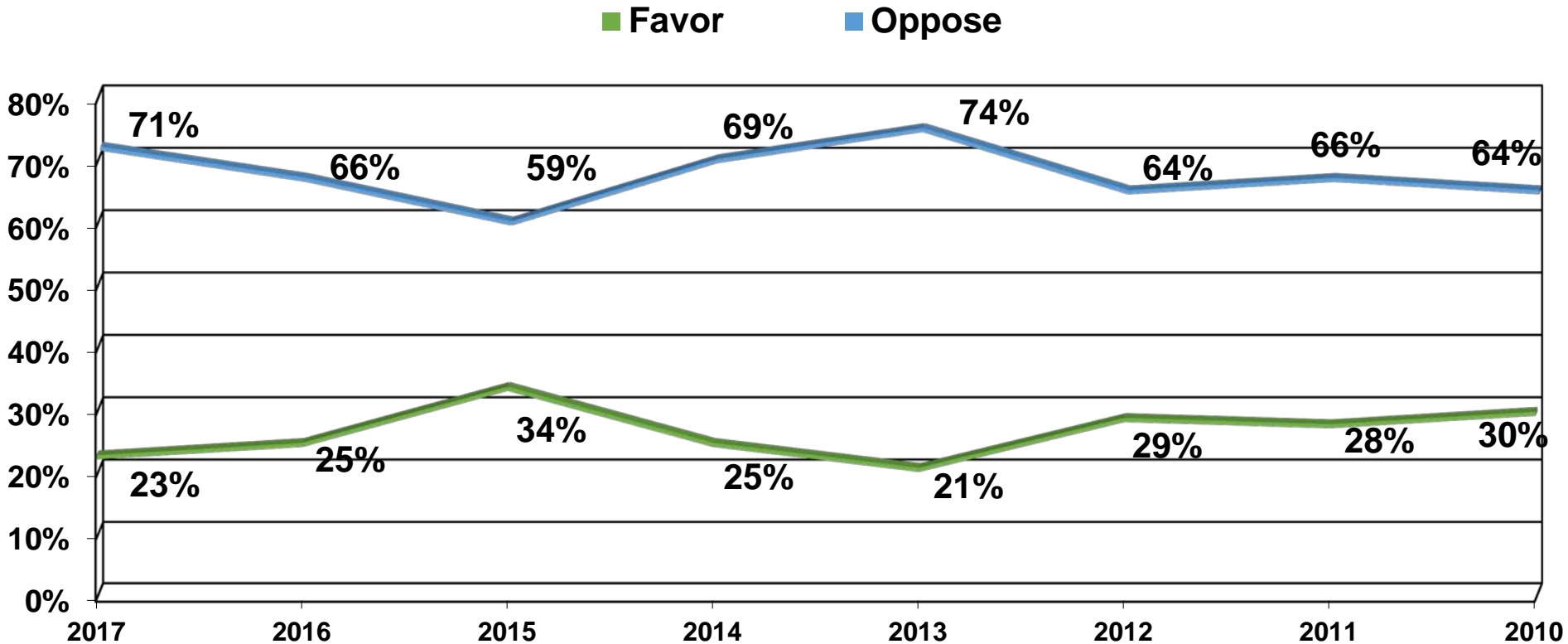
■ Increase ■ Decrease



Of all the taxes tested, the greatest desire to decrease comes in property taxes – and this is increasing. The rural west continues to lead the charge in wanting property taxes lowered.

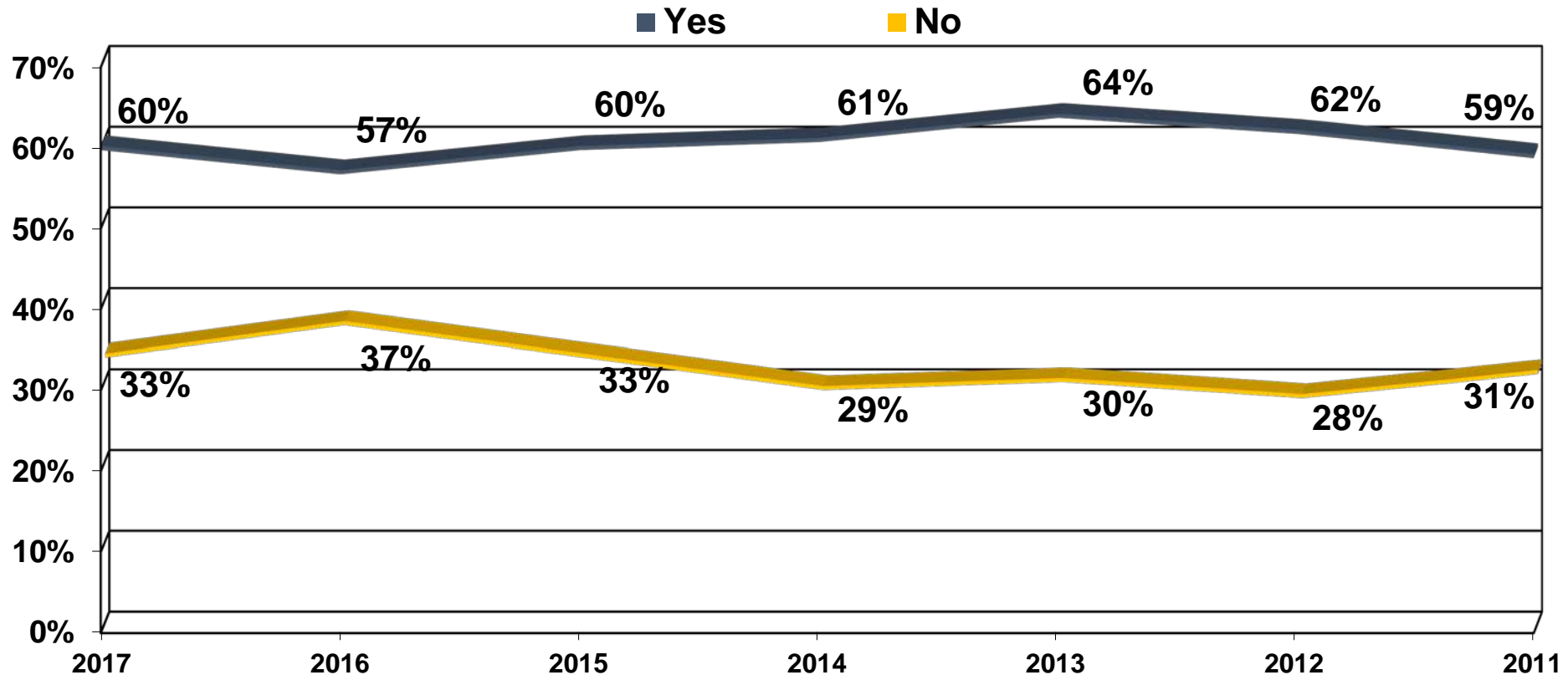
Institute a Sales Tax on Professional Services?

23% Favor; 71% Oppose; 6% Undecided



Business leaders continue to reject a sales tax on professional services.

Would it Help the Kansas Economy to Lower Taxes?



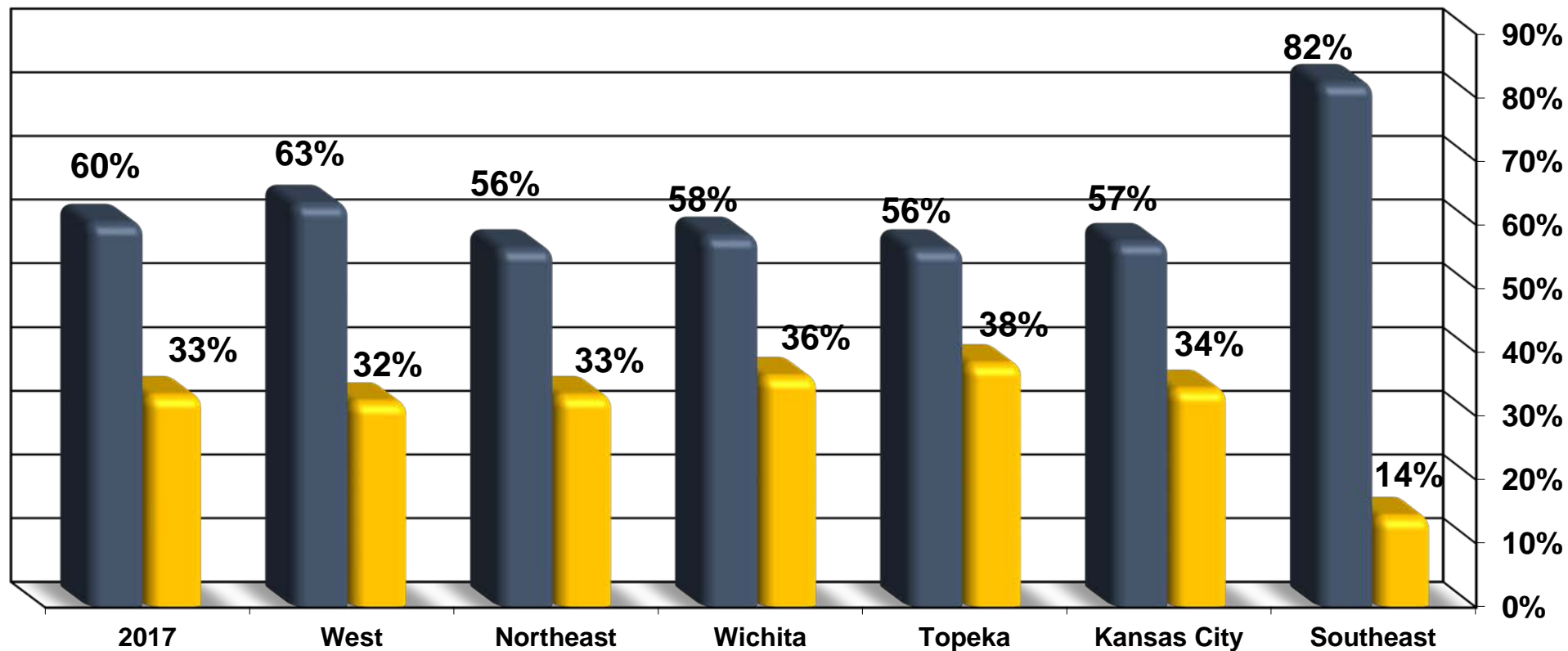
Six in ten Kansas business leaders say lowering taxes will help the economy.

Would it Help the Kansas Economy to Lower Taxes?

60% Yes; 33% No; 7% Undecided

■ Yes

■ No

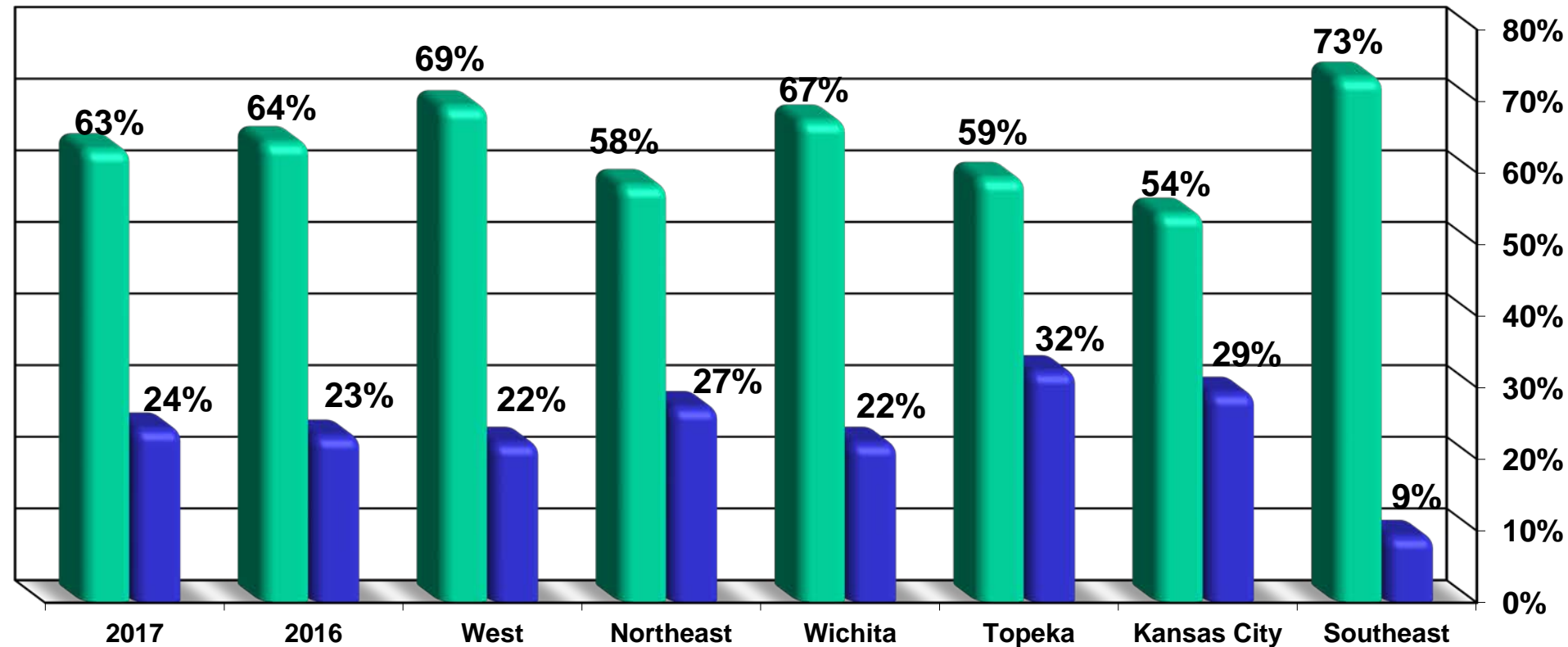


Improving Legal System Will Help Companies Thrive?

**38% Strongly Agree; 24% Somewhat Agree; 13% Somewhat Disagree;
12% Strongly Disagree; 13% Undecided**

■ Yes

■ No

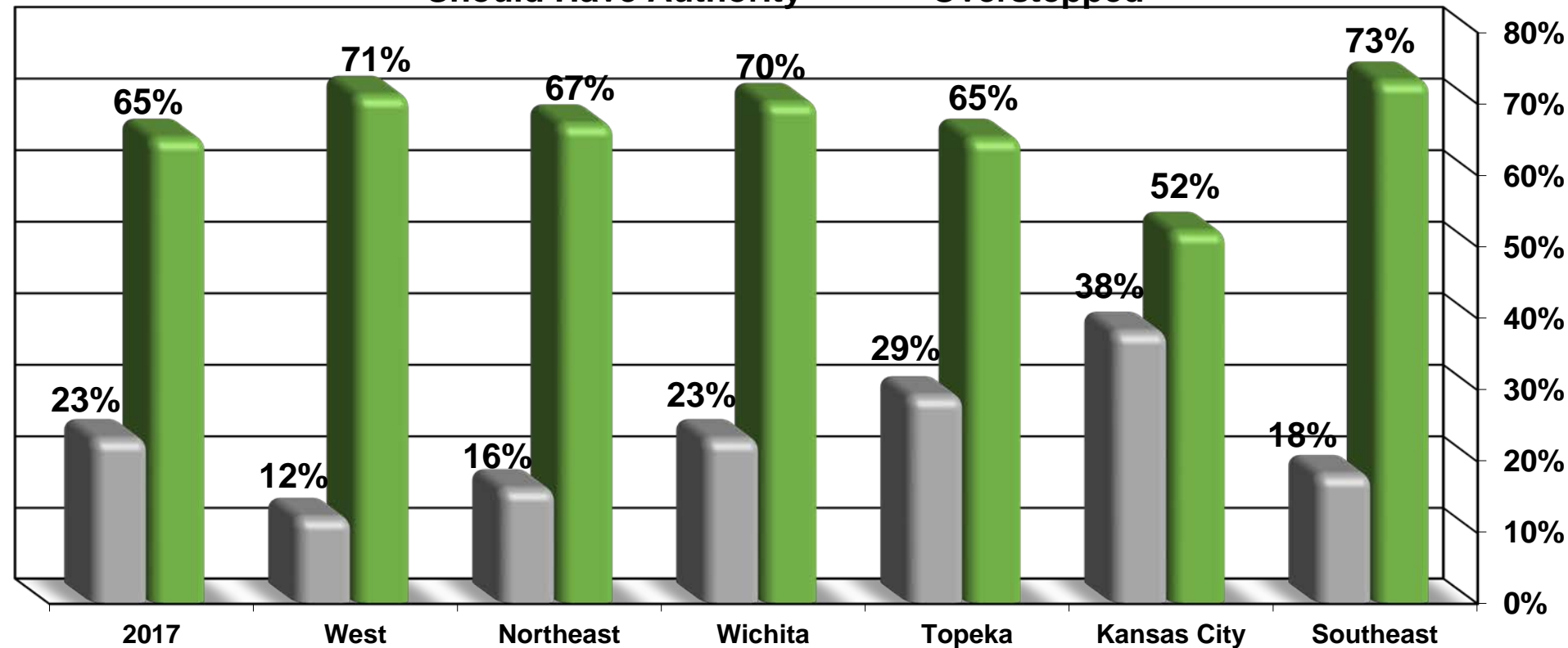


In the west and southeast, we see the strongest sentiment for improving the legal system.

Role of Kansas Supreme Court and School Funding

**23% Court Authority / Increase Taxes; 65% Court has Overstepped;
11% Undecided**

■ Should Have Authority ■ Overstepped



Overwhelmingly, business leaders believe the supreme court has overstepped its bounds by demanding school funding. We do see this narrow in the KC region.

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