



# 2019 LEGISLATIVE AGENDA



SAFEGUARDING OUR SYSTEM OF FREE, COMPETITIVE ENTERPRISE

# WE'VE GOT YOUR BACK.

## TABLE OF CONTENTS

-  Our Team ..... 3
-  Letter by President & CEO ..... 4
-  Business Leader Poll ..... 5 & 6
-  Taxation ..... 7
-  Education & Workforce Development ..... 8
-  Legal Reform ..... 9
-  Human Resource Issues ..... 10
-  Innovation & Entrepreneurship ..... 11
-  Regulatory Affairs ..... 11
-  Government Efficiency ..... 12
-  Health Care ..... 13
-  Energy & Environment ..... 14
-  Kansas Retail Council ..... 15
-  Kansas Manufacturing Council ..... 16



### The Kansas Chamber is here to help.

In business, the challenges never end. Let the Kansas Chamber be your partner in success. We provide unmatched resources on public policy and a powerful voice for you in state and federal government.

We stand up for **YOUR** interests and ensure Kansas businesses aren't blindsided by harmful taxes or new regulations. We work every day to enhance the business climate here at home to make sure Kansas is one of the best states to do business.



THE MISSION OF THE KANSAS CHAMBER OF COMMERCE IS TO CONTINUALLY STRIVE TO IMPROVE THE ECONOMIC CLIMATE FOR THE BENEFIT OF EVERY BUSINESS AND CITIZEN AND TO SAFEGUARD OUR SYSTEM OF FREE, COMPETITIVE ENTERPRISE.



## OUR TEAM



**ALAN COBB**  
President & CEO



**AARON MILLER**  
Vice President of Investor Relations



**ERIC STAFFORD**  
Vice President of Government Affairs



**JENNIFER BAYSINGER**  
Vice President of Political Affairs



**SHERRIENE JONES-SONTAG**  
Vice President of Communications



**BRANDIE MCPHERSON**  
Director of Investor Relation



**BRYAN FRYE**  
Senior Director of Investor Relations



**CHRISTIE KRIEGSHAUSER**  
Director of Political Affairs



**EMILY CORBY**  
Director of Membership Services



**KELSEY WIENS**  
Communications & Special Events Coordinator



**KRISTI BROWN**  
Sr. Director of Government Affairs

## On behalf of our members and the Kansas business community, I present the Kansas Chamber's *2019 Legislative Agenda*.

If you are not familiar with the Kansas Chamber, we are a pro-business advocacy organization representing the interests of small, medium and large businesses across the state. Our members come from a wide range of industries and professions. We are dedicated to promoting policies that reduce employer costs, and to making Kansas a top state in which to do business.

Through our extensive legislative agenda development process, our members reiterated the Kansas Chamber's core principles of free enterprise and of removing obstacles that impede job creation and slow economic growth.

Our members provided input on policy and legislative strategies through work-group conference calls. We collected feedback from meetings with the Chamber Board of Directors and Cornerstone members. We also held more than a dozen Vision 2025 regional forums across the state to hear from local civic, business and education leaders. This input, along with the results of our Business Leaders Poll and Annual Competitiveness Index, framed the state's key business issues in this agenda. We are confident that the *2019 Legislative Agenda* reflects recommendations that will reduce the cost of doing business in Kansas so we can keep jobs and grow our economy faster.

The core focus of the Kansas Chamber's work at the Statehouse during the 2019 legislative session will be on protecting the business community from increased costs while also defending pro-business gains made in recent years.

The Kansas Chamber and its members look forward to working with all Kansans in 2019 to stabilize the Kansas economy, revitalize businesses, and return prosperity to our great state.

All the best,

Alan Cobb  
President & CEO



## BUSINESS LEADERS POLL

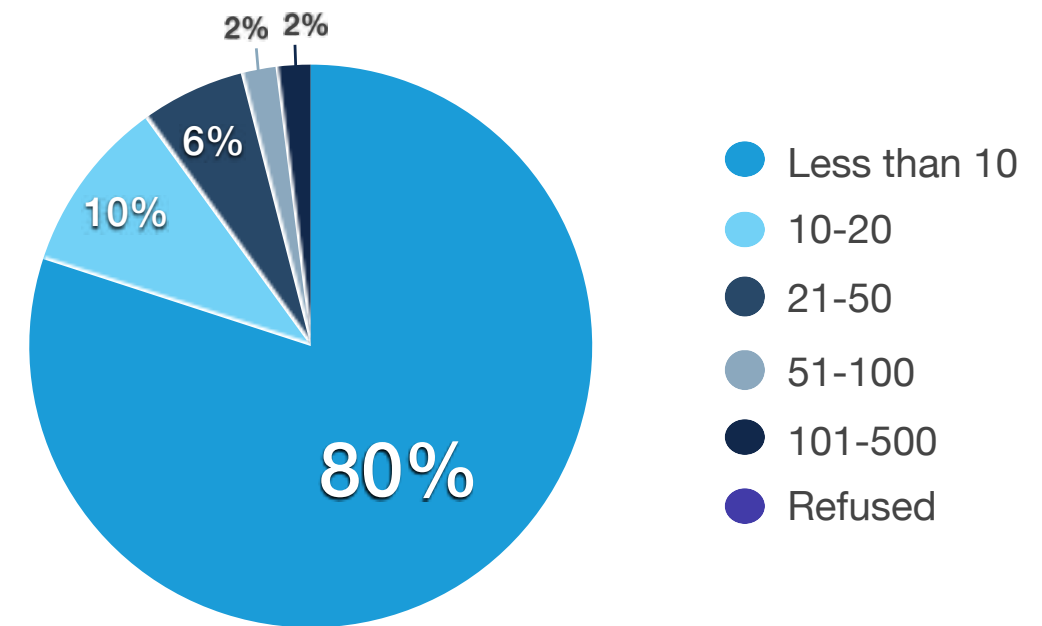
The Kansas Chamber commissions Cole Hargrave Snodgrass & Associates annually to poll 300 member and non-member businesses that reflect the Kansas business community geographically as well as by industry makeup and size of the employer. The issues identified by our state's business community in the Business Leaders Poll help lay the foundation for the **2019 Legislative Agenda**.

### Most Important Issues Facing Kansas Businesses\*



\* The Kansas Chamber's 2019 Business Leaders Poll

### Number of Employees in Businesses Polled\*



### Most Important to Profitability\*

- Lower taxes on business: **48%**
- Manage healthcare costs: **35%**
- Decrease regulations/mandates: **26%**
- Limit growth of government: **15%**
- Economic Incentives: **13%**
- Reduce fuel/energy costs: **13%**
- Stop frivolous lawsuits/tort reform: **10%**
- Workers' compensation: **8%**
- Unemployment compensation: **5%**

### OTHER POLL NOTES FROM KANSAS BUSINESS LEADERS

- ▶ 70% believe Kansas should cut state spending rather than raise taxes
- ▶ 70% want more funding going into K-12 classrooms
- ▶ 64% believe the Kansas Supreme Court overstep its authority in its rulings involving K-12 school funding
- ▶ 61% don't believe Kansas has the best business climate when compared to other states
- ▶ 59% believe it is more important to improve student performance than to increase funding for schools
- ▶ 53% find applicants don't have soft skills while 31% say applicants lack the technical skills their companies need

## TAXATION\*

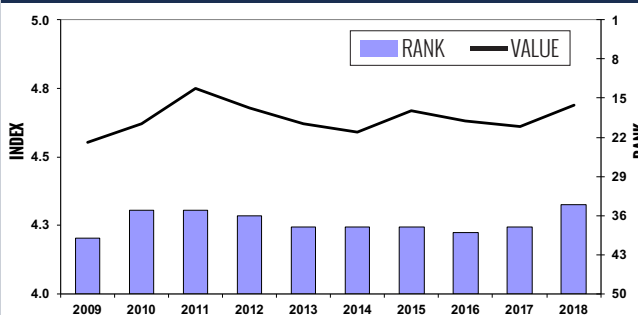
### REDUCE TAXES, ENCOURAGE INVESTMENT AND GROWTH

The Kansas Chamber urges the legislature to reduce the cost of doing business, and will encourage efforts to:

- ▶ Support passage of legislation addressing federal tax windfall caused by the tax cuts and jobs act.
- ▶ Restore ability of small businesses to expense capital investments, something that was available prior to the 2012 tax cuts, but not reinstated in 2017.
- ▶ Support legislation which grants corporate taxpayers the ability to choose between the current three-factor apportionment formula and a new, single-factor sales-based formula.
- ▶ Support legislation regarding collection of sales taxes by out-of-state, online-only retailers in response to the *Wayfair* decision, and use that revenue to lower rates.
- ▶ Oppose efforts which would subject professional services to sales tax.
- ▶ 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) and reinstate the same qualifying investment thresholds for all Kansas counties.
- ▶ Reduce government spending instead of increasing the cost of doing business through tax increases
- ▶ Oppose efforts to freeze or eliminate the Promoting Employment Across Kansas (PEAK) program.
- ▶ Support strengthening public vote requirement when local government property tax revenue exceeds the rate of inflation.
- ▶ Support legislation which moves Kansas from a destination-based state to an origin-based state for the purposes of collecting sales tax on intrastate transactions.
- ▶ Reimburse retailers a percentage of the cost to comply with collecting and remitting sales and excise taxes to the state.
- ▶ Improve the Kansas unclaimed property system to ensure it is fair for both owners and holders.
- ▶ Oppose any proposal to redirect the current .4 cent sales tax dedicated to the State Highway Fund and support completion of the projects encompassed in the Comprehensive Highway Plan.

\* Both a federal and state issue

### Kansas Corporate Tax Structure, 2009-2018



Source: Tax Foundation. Prepared for Kansas Chamber Annual Competitiveness Index by GrowthEconomics, Inc.

### What does it mean?

This measure is the Corporate Tax Index taken from the Tax Foundation. It strives to measure fairness and balance across all businesses. It favors tax systems that are simple and have low tax rates across a broad base. Phased-in legislative changes in Kansas Corporate Tax in 2012 and 2013 led to some temporary improvement in 2015. The Kansas ranking returned to 34 in 2018, close to where it was in 2011.

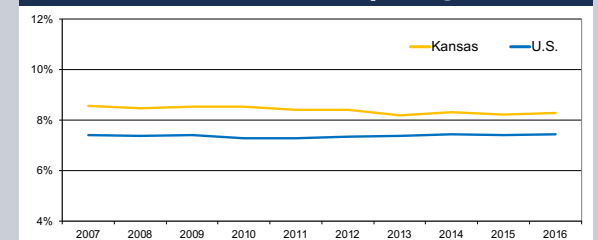
## EDUCATION & WORKFORCE DEVELOPMENT

### SUPPORT AN EXCELLENT EDUCATION SYSTEM WHICH PRODUCES A WELL-EDUCATED, WELL-TRAINED KANSAS WORKFORCE FOR TOMORROW'S BUSINESS NEEDS

The Kansas Chamber supports increasing the quality of education for tomorrow's workforce and the efficient use of tax dollars through policies that:

- ▶ Support a constitutional amendment for the democratically elected legislature to have exclusive authority to determine funding for schools in an effort to eliminate endless litigation over school funding.
- ▶ Support policies which promote coordination of resources and alignment of curriculum between K-12 and higher education institutions to ensure the workforce needs of Kansas businesses and career needs of students are being met.
- ▶ Strengthen requirements to enhance in-classroom spending and eliminate inefficient spending.
- ▶ Support efforts to attract and retain the best and brightest teachers for the benefit of our Kansas students through a system that rewards excellence in teaching and innovation.
- ▶ Make it easier for qualified subject matter experts to have the opportunity to provide instruction by limiting certification restrictions.
- ▶ Support efforts to offer parents and students a variety of educational choices regardless of their socio-economic status, and support efforts to create innovative school environments designed to maximize the educational experience for all students.
- ▶ Support efforts to include computer science as a core science elective for high school students.
- ▶ Support Work Based Learning opportunities for high school students ages 16 and older through legislation limiting liability to the businesses participating in school sponsored programs.
- ▶ Support vigorous and dynamic Kansas-based primary and secondary education standards that focus on college and career readiness and which ensure acquisition, retention and comprehension of an essential base of knowledge at every step of the educational process toward a career suited to each student's interest and ability.

### Administrative Per Pupil Spending as % of Total Public K-12 Spending



Source: U.S. Census Bureau, Public Education Finances. Prepared for the Kansas Chamber Annual Competitiveness Index by GrowthEconomics, Inc.

### What does it mean?

Administrative spending as a percent of total K-12 spending in Kansas persistently exceeds the U.S. average, currently 11% higher.

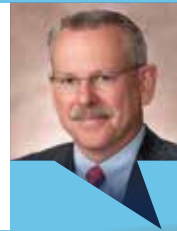


“Every business in Kansas benefits from the work of the Kansas Chamber - especially during the legislative session. The Chamber helps lawmakers understand the impact the decisions they make have on Kansas businesses. We are members of the Kansas Chamber because they constantly work to make a difference so our business thrives here in Kansas.”

**Chuck Grier, Chairman & CEO, UCI Industrial Construction Services**

“We know that the Kansas Chamber has our back when it comes to working day in, day out, at the statehouse, diligently trying to enhance the business climate in the state of Kansas and to make Kansas the best place to do business. That not only works to the benefit of Blue Cross and Blue Shield of Kansas, but it works to the benefit of every company that does business in Kansas.”

**Fred Palenske, Senior Vice President, Provider & Government Affairs, Blue Cross and Blue Shield of Kansas**



## 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 reform of Kansas law regarding awards of attorneys’ fees against insurance carriers who contest coverage for loss under a policy that includes coverage for damage because of lightning, fire, tornado or hail.
- ▶ Support amendments to the Code of Civil Procedure to enable assessment of attorney fees against the losing party in a lawsuit under appropriate circumstances.
- ▶ Repeal provisions of the current collateral source rule that prevents juries from hearing evidence that some of Plaintiff’s claimed damages have already been paid.
- ▶ Support legislation regarding admissibility of evidence of seat belt use.
- ▶ Support judicial selection reform measures that provide for a greater level of transparency, public input and accountability and encourage the legislature to construct a reasonable reform measure that addresses these objectives.

## HUMAN RESOURCE ISSUES\*

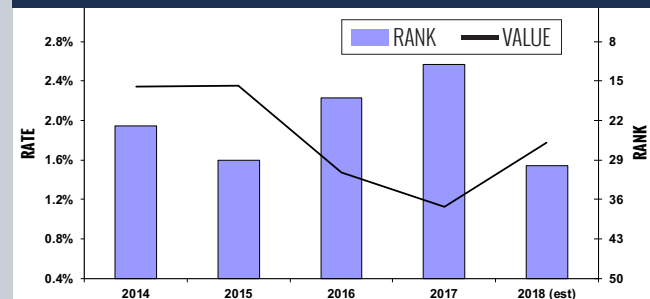
### REDUCE COSTS TO PROMOTE GROWTH

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

- ▶ Support policies which maintain the integrity of the Employment Security Trust Fund, and accurately reflect the employer experience rating when determining contribution rates.
- ▶ Defend the workers’ compensation system and the recent reforms with policies that fairly compensate workers legitimately injured performing duties for their jobs, while maintaining low costs for employers.
- ▶ Oppose state-led efforts which put employers in conflict with federal discrimination laws.
- ▶ Maintain fair labor practices by opposing unfair advantages for union organizations.
- ▶ 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. In the event Congress again fails to address the immigration situation, support legislation allowing states to implement guest worker programs that address each state’s particular workforce needs while protecting our borders from the criminal element.

\* Both a federal and state issue

Kansas Unemployment Insurance Costs, 2012-2018 (est.)

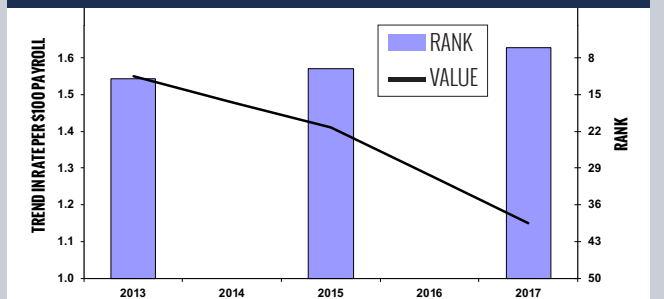


Source: U.S. DoL, ETA. Prepared for the Kansas Chamber Annual Competitiveness Index by GrowthEconomics, Inc.

#### What does it mean?

Kansas unemployment insurance costs (average rate paid on all taxable wages) shows a decline from 2015 to 2017, with a noticeable increase in the preliminary estimated 2018 costs. Kansas rank improved considerably in 2017, to its highest in a decade but dropped in 2018 to rank 30.

Kansas Workers’ Compensation Premiums, 2011-2017



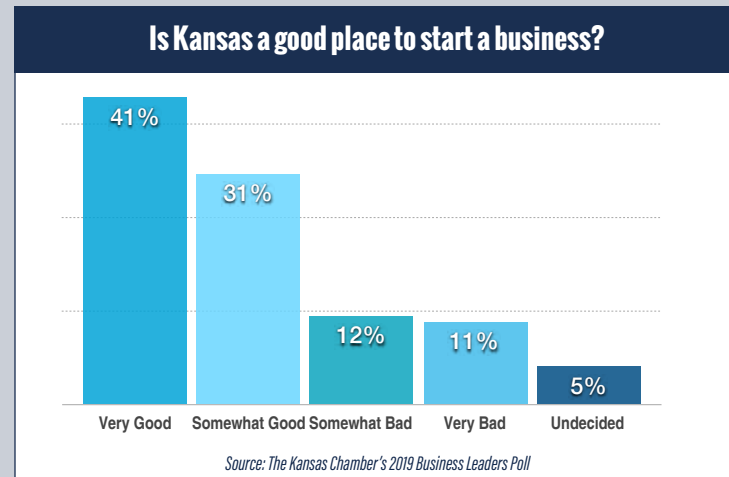
Source: Oregon Department of Consumer and Business Services. Prepared for the Kansas Chamber Annual Competitiveness Index by GrowthEconomics, Inc.

#### What does it mean?

Reflecting a generally healthy economy Workers’ compensation rates paid per \$100 of payroll in Kansas have fallen the last four years, boosted by Kansas 10.4% & 11% premium reductions in 2015 and 2016. Kansas consistently ranks in or near the top 10 states. These comparative data from the Oregon Department of Consumer and Business Services are available only every 2 years.

## What does it mean?

Those running businesses in Kansas believe the state is a good place to start a business. These numbers are especially strong in the two largest metro areas, Wichita and Kansas City.



## INNOVATION & ENTREPRENEURSHIP

PROMOTES AND ENCOURAGE ENTREPRENEURSHIP AND CAPITAL INVESTMENT

The Kansas Chamber supports innovation and investment in start-up companies through policies that:

- ▶ Support continuation and expansion of Angel Investor Tax Credit program.
- ▶ Promote and expand small business development loans for Kansas start-ups through private institutions rather than the State.
- ▶ Minimize or eliminate barriers for transition of business ownership.
- ▶ Ensure financial barriers for business filings and start-up-related expenses are limited.

## REGULATORY AFFAIRS\*

SUPPORT FREE ENTERPRISE, ENCOURAGE COMPETITION

The Kansas Chamber supports a regulatory climate that promotes a healthy business climate and instills regulatory certainty, through policies that:

- ▶ 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.
- ▶ Encourage the least restrictive method of regulation for occupational licensing that support the goal of protecting the public without limiting competition.
- ▶ Prevent imposition of burdensome state and federal regulations on business and industry.

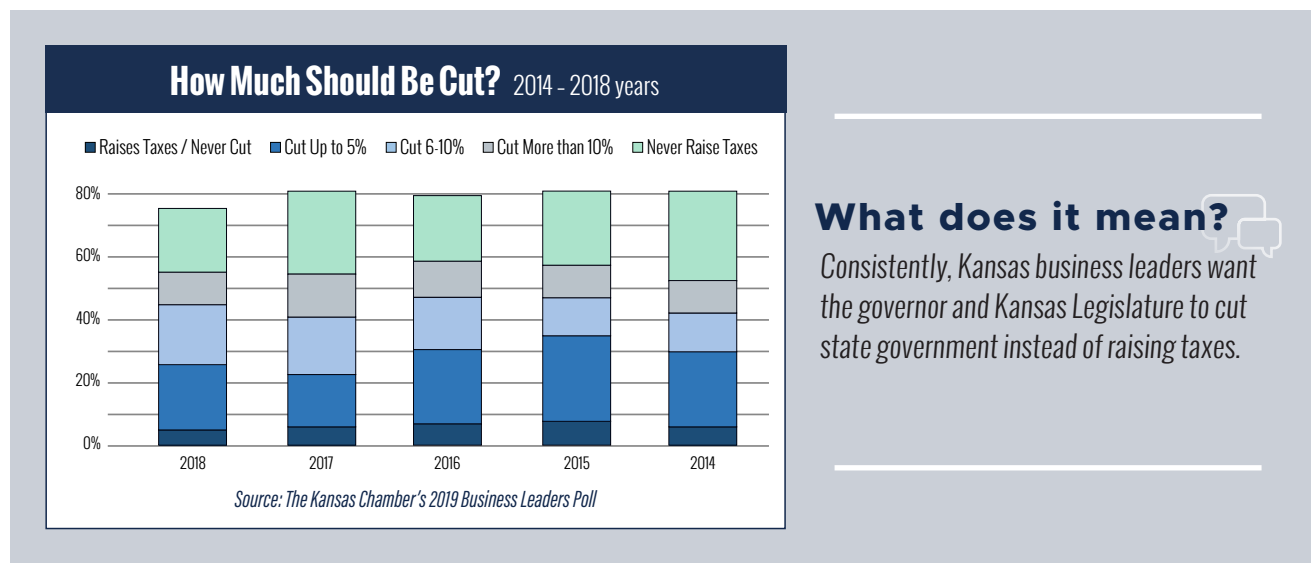
\* Both a federal and state issue

## 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.
- ▶ Support continued implementation of priority - or performance-based budgeting throughout all levels of state government.
- ▶ Support requirement of Governor to submit existing resources budget to the legislature before proposing tax increases.
- ▶ Support targeted cost-saving measures identified in the 2016 Alvarez & Marsal efficiency study which do not negatively impact the business community.
- ▶ Establish transparency and uniformity in budgeting for all levels of government.
- ▶ 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 incent the realignment of state and local units of government.
- ▶ Support efforts to continue identifying strategies to reduce the State pension burden on Kansas tax payers while maintaining actuarially sound funding levels.
- ▶ Oppose use of public funds to bring litigation in pursuit of more public funding.



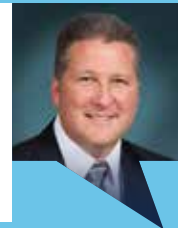
## What does it mean?

Consistently, Kansas business leaders want the governor and Kansas Legislature to cut state government instead of raising taxes.



"We believe the Kansas Chamber offers an opportunity for companies to come together with one combined powerful voice to promote strong economic policy. A strong economy is critical to our future growth as a company and important in creating the right environment for a high quality of life for our associates."  
**Amanda Adkins, Vice President and General Manager, Client and Performance Management, Population Health, Cerner Corporation**

"The Kansas Chamber is the tool that companies like ours use to stay abreast of what's happening legislatively at both the state and federal levels. Our company is only one voice, and oftentimes we're not going to be heard. As a member of the Kansas Chamber and uniting with other businesses, we will be heard, both in Kansas and in Washington. When we're united, we can accomplish many things."  
**Darin Greseth, President/CEO/Chairman, BG Products, Inc.**



## ENERGY & ENVIRONMENT\*

### PROMOTE MARKET-DRIVEN SOLUTIONS TO REDUCE 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:

- ▶ Support a legislative study on the competitiveness of Kansas energy rates, including electric generation deregulation, and recommendations to improve our regional ranking.
  - ▶ 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.
  - ▶ Promote the development of market-driven energy technologies.
  - ▶ Support efforts to limit or block Environmental Protection Agency (EPA) regulations which overreach and impose undue expense and regulatory burdens on Kansas businesses and industries.
  - ▶ Support review and reform of current rate-making policies and processes to ensure fairness and equity among ratepayer classes.
  - ▶ Oppose mandates and policies that increase business costs when sourcing energy.
- \* Both a federal and state issue*

## HEALTH CARE\*

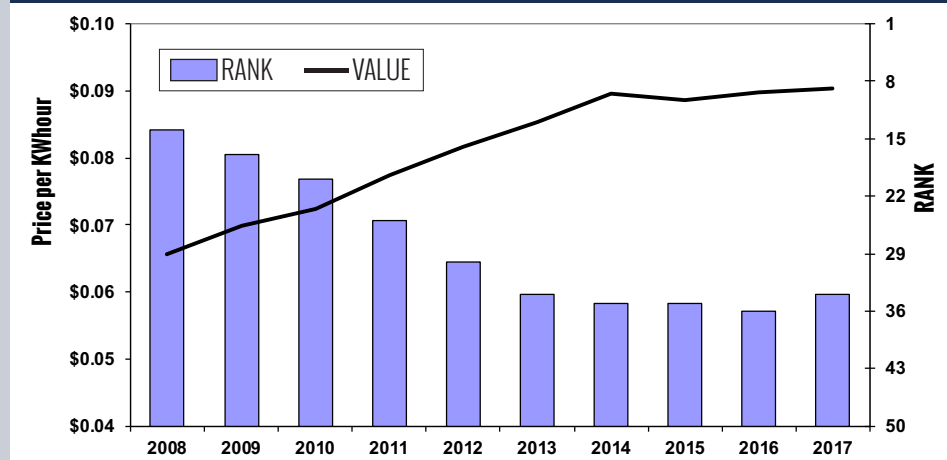
### REDUCE EMPLOYER COSTS, PROMOTE PERSONAL RESPONSIBILITY

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:

- ▶ Support legislation which modifies small group laws to allow for creation of association health plans.
- ▶ Support legislation authorizing corporate physician/provider practices.
- ▶ Oppose expansion of Medicaid eligibility.
- ▶ 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 state-level implementation of policy measures which improve efficiency and effectiveness of health systems, including the continuation of delivering Medicaid services through a managed care model (KanCare).
- ▶ Oppose 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*

### Kansas Energy Costs, 2007-2017



Source: Energy Information Administration. Prepared for the Kansas Chamber Annual Competitiveness Index by GrowthEconomics, Inc.

### What does it mean?

Although of less importance than labor, health insurance, and taxes, energy costs are nonetheless a core concern of employers, especially for manufacturing industries, and are highly variable across states. Kansas experienced a steady increase in industrial and commercial electricity prices between 2008 and 2014, resulting in a drop in its ranking from 14th to 35th. Kansas prices and its rank have stabilized in the past four years. In 2017, a slight increase in energy costs relative to other states improved its ranking to a current 34th place up from 36th the year before.





## KANSAS Retail Council

The Kansas Retail Council (KRC) focuses on retail business issues that impact small and large retailers in Kansas. The mission of KRC is to provide knowledge, resources and support to Kansas retailers so they can prosper. Through the Kansas Chamber, the KRC gives Kansas retailers a strong, unified voice on legislative and public policy matters.

### TAXATION

- ▶ Support passage of legislation addressing federal tax windfall caused by the tax cuts and jobs act.
- ▶ Support legislation regarding collection of sales taxes by out-of-state, online-only retailers in response to the *Wayfair* decision, and use that revenue to lower rates.
- ▶ Oppose efforts which seek to impose a tax on sugary beverages.
- ▶ Support lowering of state sales tax.
- ▶ Protect against changes to long-standing valuation methodology which attempts to take income into consideration when valuing property.

### EMPLOYMENT LAW

- ▶ Protect against repeal of Kansas law which prevents local units of government from imposing harmful mandates not required by state or federal law including:
  - ▶ Fair scheduling
  - ▶ Minimum wage
  - ▶ Paid leave

### REGULATORY AFFAIRS

- ▶ Oppose bans on plastics, straws, chemicals and other items.
- ▶ Oppose food labeling mandates.
- ▶ Support ability for all stores to sell full strength beer, wine and spirits.



The Kansas Manufacturing Council (KMC) is the leading advocacy organization for Kansas manufacturers and companies serving manufacturers, representing small and large manufacturers across the state. The mission of KMC is to provide knowledge, resources and support in order to create a stronger and more prosperous manufacturing sector. Through the Kansas Chamber, KMC has a powerful voice for the state's manufacturing community to advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across Kansas.

### TAX

- ▶ Support passage of legislation addressing federal tax windfall caused by the tax cuts and jobs act.
- ▶ Restore ability of small businesses to expense capital investments, something that was available prior to the 2012 tax cuts, but not reinstated in 2017.
- ▶ Reduce government spending instead of increasing the cost of doing business through tax increases.
- ▶ Support legislation which grants corporate taxpayers the ability to choose between the current three-factor apportionment formula and a new, single-factor sales-based formula.

### ENERGY

- ▶ Support a legislative study on the competitiveness of Kansas energy rates, including electric generation deregulation, and recommendations to improve our regional ranking.
- ▶ Support incentives for businesses to voluntarily utilize energy more efficiently versus penalties and/or mandates.

### REGULATORY AFFAIRS

- ▶ 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.
- ▶ Prevent imposition of burdensome state & federal regulations on business & industry.

### EDUCATION & WORKFORCE DEVELOPMENT

- ▶ Support policies which promote coordination of resources and alignment of curriculum between K-12 and higher education institutions to ensure the workforce needs of Kansas businesses and career needs of students are being met.
- ▶ Support vigorous and dynamic Kansas-based primary and secondary education standards that focus on college and career readiness and which ensure acquisition, retention and comprehension of an essential base of knowledge at every step of the educational process toward a career suited to each student's interest and ability.
- ▶ Support efforts to offer parents and students a variety of educational choices regardless of their socio-economic status, and support efforts to create innovative school environments designed to maximize the educational experience for all students.
- ▶ Support efforts to include computer science as a core science elective for high school students.
- ▶ Support Work Based Learning opportunities for high school students ages 16 and older through legislation limiting liability to the businesses participating in school sponsored programs.

## THE KANSAS CHAMBER'S LEGISLATIVE GUIDE APP

Stay up to date with the Kansas Legislature through the Kansas Chamber's Legislative Guide app. The Chamber app gives you direct access to legislative calendars, journals, district maps and live stream audio from the House and Senate floor - all on your phone. Scan the corresponding QR code to download our app on your iOS or Android device today.

iOS



Android



# TOGETHER, WE ARE UNITED FOR BUSINESS.

The Kansas Chamber is a pro-business advocacy organization representing the interests of small, medium and large businesses across the state. Our members represent a wide range of industries and professions.

The core focus of the Kansas Chamber's work at the Kansas Statehouse is to protect the business community from increased business expenses caused by harmful legislation and burdensome regulations. We have been instrumental in passing significant reforms in the areas of tax policy, unemployment insurance, workers compensation and energy.

We look forward to building on these successes in 2019 as we strive to make Kansas a top state in which to do business.



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## AFFILIATE ORGANIZATIONS

Kansas Chamber Political Action Committee  
Kansas Manufacturing Council  
Leadership Kansas  
State Affiliate of Ntnl. Assoc. of Manufacturers (NAM)  
State Affiliate of U.S. Chamber of Commerce