



2018 CAPITOL GAINS



KANSASCHAMBER
UNITED FOR BUSINESS

SAFEGUARDING OUR SYSTEM OF FREE, COMPETITIVE ENTERPRISE

After Decades of Slow Growth.
Kansas Must Act.

Kansas is in global combat for jobs and talent.

The Kansas Chamber's Vision 2025 is our strategic action plan to get the state's economy growing faster and to create more jobs in our communities. It has four areas of focus: **Grow Talent Supply, Advance Competitiveness, Expand Innovation and Entrepreneurship and Improve Business Infrastructure.**





Vision 2025 will transcend political cycles and business cycles with goals for economic growth. The Chamber will cast a wide net across the state and around the country for input. We will research best practices of other state chambers, engage with the best thinkers about state-based policy and commission targeted research.

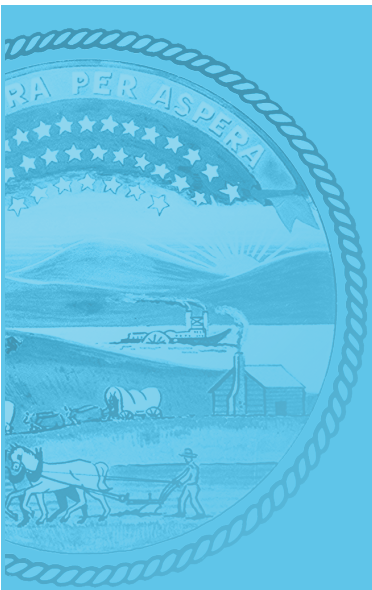
Learn how you can be part of moving our state forward at www.KSVision2025.com.



AN ACTION PLAN FOR KANSAS

TABLE OF CONTENTS

 Our Team.....	3
 From the President.....	4
 Taxation.....	5
 Legal Reform.....	6
 Regulatory Affairs.....	7
 Human Resource Issues.....	8
 Historic Victories.....	9-10



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



Eric Stafford
Vice President of Government Affairs



Aaron Miller
Vice President of Investor Relations



Jennifer Baysinger
Vice President of Political Affairs



Sherriene Jones-Sontag
Vice President of Communications



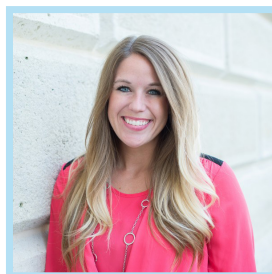
Kristi Brown
Sr. Director of Government Affairs



Brandie McPherson
Director of Investor Relations



Christie Kriegshauser
Director of Political Affairs



Kelsey Wiens
Communications & Special Events Coordinator



Emily Corby
Director of Membership Services



Jennifer Burgoon
Manager of Administration

FROM THE PRESIDENT

The 2018 session of the Kansas Legislature adjourned Sine Die on May 4th, day 90, sending legislators home for the summer, something they haven't been able to do the last few years as sessions extended into the middle of June in 2015 and 2017.

School finance continued to be the main factor driving increases in state spending. Lawmakers passed a final budget which spends \$6.7 billion from the State General Fund (SGF) for Fiscal Year 2018 and \$7 billion for Fiscal Year 2019 which starts July 1st. The new school finance plan adds \$525 million during the next five years. It remains to be seen whether this is enough to satisfy the Kansas Supreme Court's ruling for increased funding for K-12 schools. If it isn't, the chance of a special session caused by the on-going school finance litigation is a real possibility, one which will make it difficult in an election year for all 125 members of the Kansas House of Representatives.

The Kansas Chamber joined the **Kansas Coalition for Fair Funding**, a group of business and agriculture associations seeking a constitutional amendment to help end the endless cycle of litigation Kansas has seen during the last 30 years. The proposed amendment would clarify the legislature holds the exclusive authority to determine adequacy of K-12 funding. While no vote was held in 2018 on the amendment, the coalition is prepared to run the amendment if a special session occurs in the summer months.

The Chamber had a successful 2018 session, passing three legal reform bills, and a bill strengthening legislative oversight and agency accountability in the rule and regulation process, modeled from Wisconsin's REINS Act. During the 10-day veto session, the Chamber engaged to pass legislation addressing the state's impact from the **Tax Cuts and Jobs Act** passed by Congress in December. House and Senate Tax negotiators put together a plan to decouple Kansas tax code from key provisions of the federal tax code and protect individual taxpayers against a higher tax burden because of those federal changes. Unfortunately, that bill failed on the final evening of the session. That means if no action is taken in early 2019, Kansas taxpayers will see their taxes increase.

The Chamber's government affairs team succeeded in defeating numerous anti-business proposals, including attempts to increase property tax and efforts to weaken penalties for fraudulent unemployment insurance claims. As each session passes, the Chamber's influence and success results in a positive bottom line and return on your investment as a member of our organization.

Overall, the Chamber testified on 31 bills in 2018 and monitored more than 400 pieces of legislation during the two-year bill cycle of 2017-2018. We cannot thank our members enough for their increased level of engagement in the legislative process in Topeka, as this year nearly 100 action alert letters were sent to legislators in a one-week period in response to our efforts on federal tax changes. We would not be successful without your support and involvement. The Kansas Chamber remains united for business.



President & CEO, Kansas Chamber

TAXATION

OUR POSITION

Lower taxes allow businesses the crucial financial strength to grow, develop products, invest in employees and increase profits. A strong business climate creates a strong economy.

THE CHALLENGE

Coming off the \$700 million tax increase in 2017 on individuals and small businesses, there were some in the legislature who felt that increase did not go far enough. The Chamber understands the importance of adequately funding schools to develop the future workforce for our state. But we also must strike a balance with adequately funding all essential services and maintaining a competitive tax climate that encourages private sector growth and investment.

OUR VICTORIES

SUCCESSFULLY DEFEATED:

- ▶ HB 2661 - placing a 10% corporate income tax rate on income over \$1 million.
- ▶ HB 2740 - \$600 million property tax increase for school funding.
- ▶ HB 2618 - 10% income tax rate on single/joint filers earning more than \$500,000/1 million.
- ▶ HB 2491 - expanding sales tax to installation services.
- ▶ HB 2231/SB 376 - increases on tobacco and tobacco products.

LOOKING FORWARD TO 2019

The Chamber remains committed to improving our state's tax climate and will spend the summer and fall months of 2018 researching and working with national groups on areas where we can comprehensively increase the competitiveness of our system of taxation. Additionally, by summer 2018 the U.S. Supreme Court will rule on internet sales tax. From there we will begin to see how states respond to the *South Dakota v. Wayfair* case and what Kansas should pursue in 2019.

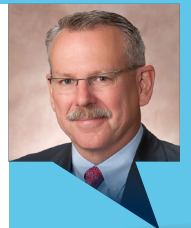


"Every business in Kansas benefits from the work of the Kansas Chamber - especially during the legislative session. The Chamber helps lawmakers understand the impact the decisions they make have on Kansas businesses. We are members of the Kansas Chamber because they constantly work to make a difference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

OUR POSITION

The Kansas Chamber supports efforts to improve the legal climate in Kansas by reducing incentives to file frivolous lawsuits.

THE CHALLENGE

Kansas has historically maintained a top-10 legal climate, but due to pro-business changes in other states, Kansas has seen its ranking slip to 18th according to the U.S. Chamber Institute for Legal Reform.

OUR VICTORIES

- ▶ Passage of SB 199 establishes a hard \$25 million cap on appeal bonds for businesses in our state like protections afforded to tobacco companies through the Master Settlement Agreement. SB 199 also established a \$2.5 million cap for qualifying small businesses who could be facing the decision between bankruptcy or settlement when they cannot afford to post a high-level bond.
- ▶ Passed HB 2457 establishing the asbestos trust transparency act clarifying the timing and disclosure of asbestos trust claims by plaintiff's prior to pursuing civil action against a defendant.

REGULATORY AFFAIRS

OUR POSITION

The Kansas Chamber supports a regulatory climate that promotes a healthy business climate and instills regulatory certainty.

THE CHALLENGE

Across the country at both the state and national level, businesses have faced excessive and costly regulatory challenges.

OUR VICTORIES

The Chamber successfully passed HB 2280 which adopts the REINS Act (Regulations from the Executive in Need of Scrutiny) which strengthens oversight into the rule and regulation process.

- ▶ HB 2280 establishes stronger guidelines to follow when conducting economic impact statements on the cost to Kansas businesses when adopting rules and regulations.
- ▶ If the economic impact exceeds \$3.0 million, the Budget Director may either disapprove the proposed rule and regulation or approve it, provided the agency conducted a public hearing prior to submitting the proposed rule and regulation and found the costs have been accurately determined and will be necessary for achieving legislative intent.
- ▶ *The economic impact statement will include an analysis that addresses the following factors:*
 - ▶ The extent to which the rule and regulation will enhance or restrict business activities and growth;
 - ▶ The economic effect on the Kansas economy, including specific businesses, business sectors, public utility ratepayers, individuals, and local units of government;
 - ▶ The businesses that will be affected directly;
 - ▶ The benefits compared to the cost;
 - ▶ Measures taken by the agency to minimize the cost and impact on businesses and economic development within the state, local units of government, and individuals;
 - ▶ An estimate of the total annual implementation and compliance costs, which will be expressed as a single dollar amount, that will be expected to be absorbed by businesses, local units of government, or members of the public, and which will include an agency determination of whether these costs will exceed \$3.0 million over a two-year period; and;
 - ▶ An estimate of the total implementation and compliance costs, which will be expressed as a single dollar amount, that will be expected to be absorbed by businesses, local units of government, and individuals.
- ▶ In addition, the bill requires state agencies to consult and solicit information from businesses, business associations, local governmental units, state agencies or institutions, and members of the public who may be affected by the proposed rules and regulations or who may provide relevant information.

HUMAN RESOURCES

OUR POSITION

The Kansas Chamber supports policies that promote fairness, reduce employer costs and protect employer choice.

THE CHALLENGE

Continued efforts to reform workers compensation and unemployment insurance are a threat to the strong, pro-business reforms passed in recent years. The Chamber continues to defend against legislation to weaken employment and labor laws.

OUR VICTORIES

The Chamber successfully defeated harmful legislation that would have weakened penalties for intentionally committing fraud against the unemployment insurance system. Additionally, efforts to amend the workers compensation system and other employment law statutes failed, either in committee, or through floor amendments.



"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.



HISTORIC VICTORIES

2017

- ▶ Increased the thresholds for retailers to submit sales taxes to the state department of revenue.
- ▶ Successfully prevented passage of bills which weakened the public vote requirement when local units of government attempt to increase property taxes above the rate of inflation.
- ▶ Opposed efforts to subject custom computer software, towing services, non-residential custodial cleaning and others services to sales tax.
- ▶ Protected against changes to PEAK and HPIP economic development programs.
- ▶ Successfully defeated multiple attempts to change workers compensation laws.
- ▶ Worked with partners to pass protections for businesses against the unauthorized practice of law by out of state firms seeking settlements from Kansas companies.

2016

- ▶ Strengthened public vote requirement which restricts cities and counties from adopting budgets with revenues from property tax increases which exceed inflation unless approved by a majority of voters.
- ▶ Passed property tax reform which increases fairness of the property tax valuation and appeals process for taxpayers.
- ▶ Extension of the Angel Investor Tax Credit Program until 2021 (program was set to expire at the end of the year) to help qualified start-ups gain access to capital investments.
- ▶ Passed performance-based budgeting requirement, utilizing outcome measures to evaluate state agency program effectiveness.

2015

- ▶ Protected the business tax cuts from 2012, which eliminated income taxes on non-wage income for small businesses.
- ▶ Passed property tax reform prohibiting cities and counties from adopting budgets with revenues from property taxes which exceed inflation unless approved by a majority of voters during a regularly scheduled election.
- ▶ Passed Unemployment Insurance reform switching Kansas from an "arrayed" system to a "fixed" system to restore fairness and tax employers according to their experience and usage of the UI trust fund.
- ▶ Led efforts to craft compromise with the wind coalition for the repeal of the renewable energy mandate. Mandate replaced with voluntary goal of 20% renewable energy by 2020 and new wind projects' property tax exemptions now limited to 10 years.
- ▶ Supported repeal of the inequitable school finance formula in favor of additional funds through block grants, allowing maximum local control to target more funds to the classroom for better student outcomes.

HISTORIC VICTORIES (cont.)

2014

- ▶ Passed Court of Tax Appeals reform, providing an affordable, accessible and impartial system to resolve state and local tax disputes efficiently.
- ▶ Led coalition on legislation solidifying the 2006 legislative intent to exempt commercial & industrial machinery equipment from local property taxation.
- ▶ Supported legislation requiring property tax protection and transparency at the local level.
- ▶ Passed positive balance employer UI tax credit, lowering taxes by \$42M.
- ▶ Education policy reform legislation, including alternative teacher certification, expanded innovative districts authority; teacher tenure state mandate repeal to restore to local school districts control over due process and retention policies, creation of a corporate tax credit scholarship program for low income and special needs students and creation of the K-12 Student Performance & Efficiency Commission.
- ▶ Legislation allowing for association health plans so small like-kind employers can pool together to gain more competitive health care rates.
- ▶ Passed tort reform legislation adopting Daubert expert evidence standard to protect against "junk science" testimony.

2013

- ▶ Repealed full consideration award under Kansas Restraint of Trade Act.
- ▶ Comprehensive reform of the UI system modifying benefit structure, clarifying eligibility, strengthened integrity, restoring experience rating.
- ▶ Prohibited the automatic deduction of political contributions from public union member's paychecks for political purposes, and prohibiting transfer of dues dollars into a political fund.
- ▶ Passed legislation prohibiting local units of government from requiring paid leave and paid sick leave.
- ▶ Leveled the playing field for Kansas brick-and-mortar stores regarding inequities in collection of sales taxes by out-of-state, online-only retailers.

2012

- ▶ Reduced individual income taxes from a top rate of 6.45% to 4.9% and the bottom rate, which everyone pays on the first \$30,000 of income, from 3.5% to 3%.
- ▶ Exempted Subchapter S Corporations, Limited Liability Companies and Sole Proprietorships from income tax non-wage income.

2011

- ▶ Led coalition to overhaul work comp system for first time in nearly 20 years.
- ▶ Enhanced PEAK for second straight year to allow for retention projects & in-state expansions.
- ▶ Passed expensing of capital investments. Kansas first state in nation allowing this.

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. 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.

The core focus of the Kansas Chamber's work at the Statehouse is protecting the business community from increased costs such as higher taxes, user fees and loss of tax exemptions.

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 2018 as we strive to make Kansas a top ten state in the nation in which to do business.



835 SW Topeka Blvd. • Topeka, KS 66612
(785) 357-6321 • president@kansaschamber.org
  kansaschamber.org

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