# 2022 LEGISLATIVE & POLICY AGENDA

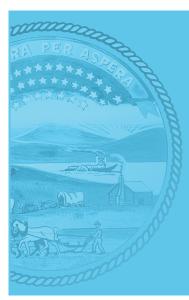


SAFEGUARDING OUR SYSTEM OF FREE, COMPETITIVE ENTERPRISE



## TABLE OF CONTENTS

	Letter from the President & CEO 2
	Kansas Business At A Glance
	Taxation
R	Education & Workforce Development
<b>₹</b> ⊘⊗	Legal Reform
	Human Resource Issues
ó,→o	Regulatory Affairs
Ŧ	Innovation & Entrepreneurship
$\bigcirc$	Government Efficiency
Ü	Energy & Environment11
ហុំំំំ	Health Care
<u> </u>	Kansas Retail Council
Ö,	Kansas Manufacturing Council 14



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. In 2018, the Kansas Chamber launched its long-term strategic plan, Vision 2025, to address

the state's history of sluggish economic growth. The four pillars focused on improving the state's direction are Grow Talent Supply, Advance Competitiveness, Expand Innovation & Entrepreneurship, and Improve Business Infrastructure.

Without a competitive business climate, Kansas cannot win the war for jobs and talent. Making Kansas competitive among our neighboring states, country, and internationally is essential to growing the state's economy. And with that in mind, The Tax Foundation recently released its **2022 Business Tax Climate Index**. Kansas saw the largest



improvement of any state, going from 34th to 24th best overall business tax climate after the passage of multiple tax bills in the 2021 legislative session.

With the 2022 legislative session upon us, the Chamber is taking its **2022 Legislative and Policy Agenda** to the statehouse for lawmakers to consider strong, pro-growth policies to better position our state and grow the Kansas economy.

We hope to build on our 2021 legislative accomplishments to continue improving the business and regulatory climate. Developed by input from our task groups, member visits, and data from our **Annual Competitive Index** and **Business Leaders Poll**, this year's agenda focuses on improving our state's regulatory climate, removing government-imposed barriers to health care, and improving our state's legal climate.

Kansas' vision for the future must continue to be led by the innovation and competitive nature of the free market and private sector. With the policy items outlined here, we can continue to grow on our accomplishments and make Kansas one of the best states in the nation to do business.

Thank you for your continued investment with the Kansas Chamber to support our mission and goals. It is an honor to serve as your leader and I look forward to seeing you at our events and member meetings in 2022.

Sincerely,

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Alan Cobb President & CEO, Kansas Chamber



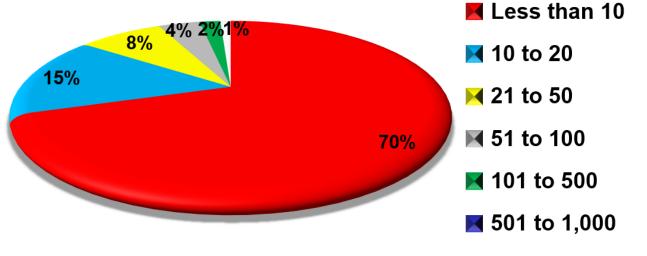
# KANSAS BUSINESS AT A GLANCE

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 number of employees. The issues identified by our state's business community in the Business Leaders Poll help lay the foundation for the **2022 Legislative Agenda.** 

## Most Important Issues Facing Kansas Businesses\*



## Number of Employees in Businesses Polled\*



More than 1,000

## Most Important to Profitability\*

Lower taxes on business: **44%** 

Decrease regulations/mandates: 30%

Manage health care costs: 27%

Reduce fuel/energy costs: 26%

- Limit growth of government: 25%
- Unemployment compensation: 11%
- Economic Incentives: 10%

Stop frivolous lawsuits/tort reform: 7%

Workers' compensation: 7%

#### OTHER POLL NOTES FROM KANSAS BUSINESS LEADERS\*

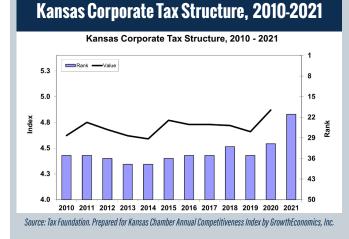
- 81% believe to balance the state budget Kansas should cut spending rather than increase taxes
- 44% do not believe Kansas economy is on the right track
- 73% believe it would help the Kansas economy if state taxes were lowered
- 86% believe creating work-based learning like internships is important
- 57% do not believe Kansas has the best business climate when compared to other states
- > 74% say COVID-19 has impacted their supply lines
- ▶ 60% find job applicants don't have soft skills while 23% say applicants lack the needed tech skills

# **TAXATION**\*

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

- Use a portion of significant budget surplus for overall rate reduction.
- Support legislation which grants corporate taxpayers the choice between the current three-factor apportionment formula and a new, single-factor salesbased formula.
- Reduce government spending instead of increasing the cost of doing business through tax increases.
- Oppose efforts which would subject professional services to sales tax.
- Oppose the sunset or repeal of existing sales tax exemptions on business inputs and ensure business to business transactions are exempt from sales tax.
- Oppose elimination of the High Performance Incentive Program (HPIP) and reinstate the same qualifying investment thresholds for all Kansas counties.

- Retain and enhance tax incentives to include more flexible investment and job development tax credits with options for cash incentives.
- Oppose efforts to freeze or eliminate the Promoting Employment Across Kansas (PEAK) program.
- 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.
- 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

The Corporate Tax Index is taken from The Tax Foundation. It strives to measure fairness and balance across all businesses, but especially C Corporations. It favors tax systems that are simple and have low tax rates across a broad base. Phased-in legislative changes to the Kansas Corporate Tax in 2012 and 2013 led to noticeable improvement in 2015, a trend that continued until 2019. The state's ranking rebounded dramatically to 21 in 2021 after the Kansas Legislature overrode a governor's veto to replace the state's limited NOL regime with conformity to federal provisions and decoupled from GILTI.

What does it mean?

#### PAGE 5

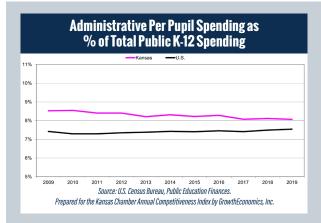
# EDUCATION & WORKFORCE DEVELOPMENT

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 efforts to enhance computer science for K-12 students.
- Support a new tax credit for employers who participate in the Kansas
  Registered Apprenticeship Program.
- Promote ACT WorkKeys certification as a graduation requirement for high school.
- Support realigning education funding to give a higher weighting of CTE for high-wage, high-demand jobs.
- Strengthen requirements to enhance in-classroom spending and eliminate inefficient spending.
- Support vigorous and dynamic Kansasbased 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 attract and retain the best and brightest teachers.
- 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.

- Allow qualified subject matter experts to provide K-12 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 work-based learning opportunities for high school students ages 16 and older through legislation limiting liability to the businesses participating in school sponsored programs.



### What does it mean?

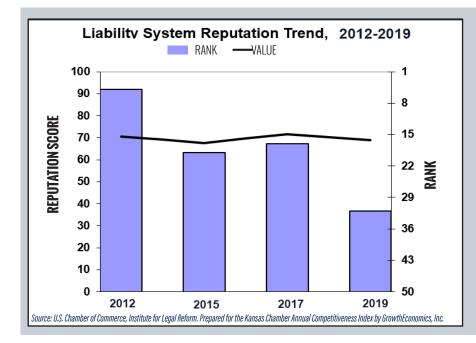
Opportunities for improvement in K-12 efficiency remain administrative spending as a percent of total K-12 spending persistently exceeds the U.S. average by roughly 10%. Between 2010 and 2013, there were signs of improvement, followed by several years of gradual positive change, and then holding steady in 2017 and 2018. Today's gap is below that of ten years earlier.

# **LEGAL REFORM**

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 legislation which requires disclosure of third-party financing of litigation.
- Support legislation implementing safeguards to protect consumers against misleading lawsuit advertising.
- 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 reinstating caps on non-economic damages.
- Support statutory preemption of local units of government from hiring outside counsel to initiate class action litigation unless approved by the Attorney General.

- Support legislation regarding admissibility of evidence of seat belt use.
- 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 amendments to the Code of Civil Procedure to enable assessment of attorney fees against the losing party in a lawsuit under appropriate circumstances.
- 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.



#### What does it mean?

The U.S. Chamber Lawsuit Climate Survey is conducted by the Harris Poll to measure the perception of U.S. businesses. It polls individuals familiar with the legal climate in each state, including in-house general counsel, senior litigators, and senior executives of large corporations. Kansas scored well until a significant drop in 2019, the latest available report. Kansas has lost its comparative edge as other states have improved their legal environments, lowering Kansas from #5 in 2012 to #32 in 2018. "It's critically important that Kansas is economically competitive. Cox supports the Chamber's efforts to ensure lawmakers understand the impact their decisions have on all Kansas businesses and Kansans."

**Coleen Jennison, Kansas Market Vice President, Cox** 

"The Kansas Chamber provides a direct communication line from our business to what is happening in the Kansas Legislature. When you are out in western Kansas, it can be challenging to stay on top of all of the proposed legislation that will affect business life. The Kansas Chamber keeps us informed and up-to-date so we can focus on the business at hand and effectively take care of our customers."



H.J. Swender, President, American Warrior, Inc.

# HUMAN RESOURCE ISSUES\*

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

- Support criminal justice reform efforts and re-entry programs that offer the opportunity for individuals with criminal records to re-enter the workforce.
- 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.
- 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.
- Maintain fair labor practices by opposing unfair advantages for union organizations.

\* Both a federal and state issue

# **REGULATORY AFFAIRS\***

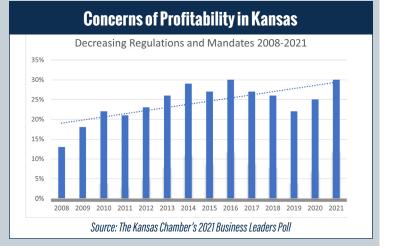
## The Kansas Chamber supports a regulatory climate that promotes a healthy business climate and instills regulatory certainty, through policies that:

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

\* Both a federal and state issue

#### What does it mean?

Thirty percent of Kansas business leaders believe government regulations and mandates have a major impact on a company's profitability. Overburdensome regulations can affect a business' operations, whether to expand or move, and thousands of other things that could sway a business to close or leave the state.



## INNOVATION & ENTREPRENEURSHIP @ PROMOTE AND ENCOURAGE ENTREPRENEURSHIP AND CAPITAL INVESTMENT

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

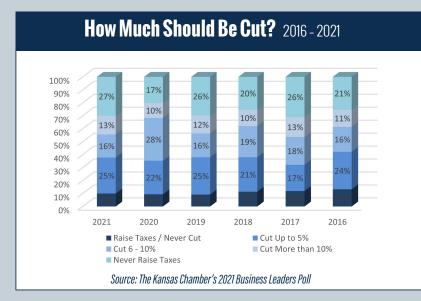
- Ensure financial barriers for business filings and start-up-related expenses are limited.
- Promote and expand small business development loans for Kansas start-ups through private institutions rather than the state.
- Minimize or eliminate barriers for transition of business ownership.

# **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:

- Ensure ARPA fiscal recovery fund dollars focus on one-time investments.
- Oppose government competition with private sector companies.
- 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 incentivize the realignment of state and local units of government.
- Support efforts to continue identifying strategies to reduce the state pension burden on Kansas taxpayers while maintaining actuarially sound funding levels.
- Oppose use of public funds to bring litigation in pursuit of more public funding.



# What does it mean?

81% of Kansas business leaders want the governor and the Kansas Legislature to cut state government spending instead of increasing taxes.

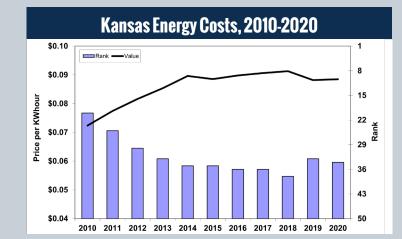
# **ENERGY & ENVIRONMENT**\* C

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

- Support efforts to achieve regionallycompetitive electric rates.
- Support implementation of key recommendations from the legislative study on the competitiveness of Kansas energy rates to improve our state's electricity costs.
- Support incentives for businesses to voluntarily utilize energy more efficiently versus penalties and/or mandates.
- Avoid picking winners and losers among energy sources and technologies.

- Oppose mandates and policies that increase business costs when sourcing energy.
- Support efforts to limit or block state and federal 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.
- Promote the development of marketdriven energy technologies.

\* Both a federal and state issue



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

## What does it mean?

Highly variable across Kansas, energy costs are a growing concern for employers, especially for manufacturers and information service providers. Kansas experienced an increase in industrial and commercial electricity rates between 2008 and 2018, resulting in a drop in its ranking from 14th to 39th. It rebounded somewhat in 2019 and 2020 but remains in the low to mid 30s in rankings.



"As a local chamber, we are focused on removing barriers to businesses each and every day. Partnering with the Kansas Chamber allows us to join forces and fight for business needs and have them prioritized at the statehouse. Together, we are a stronger voice to make change happen for the whole state."

Anna Bjerken, President/CEO, Dodge City Area Chamber of Commerce

"The Kansas Chamber takes on the responsibility of keeping a positive business environment in Kansas. With that responsibility lifted off our shoulders, entrepreneurs and business owners can continue to focus on maintaining and growing their businesses. The Chamber deals with the politics and policies so business owners can do their work."



Jim Echols, CEO, Renaissance Management & Training Solutions LLP

# HEALTH CARE\*

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 access to telemedicine and other service options that increase healthcare options and lower costs to Kansans and employers without prohibiting the right of businesses to freely contract for services.
- Support policies which eliminate government restrictions on medical professionals' ability to perform duties within the scope of practice of their professional training.
- Oppose expansion of Medicaid eligibility.
- Oppose government competition with the private market.
- Expand tax incentives available for employers and individuals choosing to purchase individual policies or health savings plans.

- Oppose mandated employer-based coverage or payment.
- Defend the rights of employers to choose the health insurance 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



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.

### ΤΑΧ

- Support lowering of state sales tax.
- Oppose efforts which seek to impose a tax on sugary beverages.
- Protect against changes to longstanding valuation methodology which attempts to take income into consideration when valuing property.

### PRODUCTS

- 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.

### **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

## THE NEW KANSAS CHAMBER APP

Stay up to date with the Kansas Legislature through the new Kansas Chamber 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.



KansasChamber.org/LegislativeApp



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

- Use a portion of significant budget surplus for overall rate reduction.
- 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.

### **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 and federal regulations on business industry.

#### **ENERGY**

- Support efforts to achieve regionallycompetitive electric rates.
- Support implementation of key recommendations from the legislative study on the competitiveness of Kansas energy rates to improve our state's electricity costs.
- 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.

### 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 Kansasbased 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 work-based learning opportunities for high school students ages 16 and older through legislation limiting liability to the businesses participating in school sponsored programs.

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KANSASCHAMBER

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

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