

2022

CAPITOL GAINS



KANSASCHAMBER

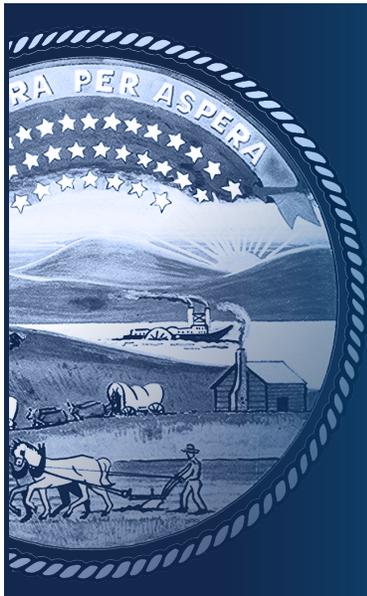
UNITED FOR BUSINESS

SAFEGUARDING OUR SYSTEM OF FREE, COMPETITIVE ENTERPRISE

2022 CAPITOL GAINS

TABLE OF CONTENTS

| | | |
|--|--|-----|
|  | From the President..... | 2 |
|  | Taxation..... | 3-4 |
|  | Human Resources..... | 5 |
|  | Health Care..... | 6 |
|  | Regulatory Affairs..... | 6 |
|  | Education & Workforce Development..... | 7 |
|  | Legal Reform..... | 8 |
|  | Historic Victories..... | 9 |
|  | Your Chamber Team..... | 10 |
|  | Board of Directors..... | 11 |



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.



FROM THE PRESIDENT



Just like that - we blink, and the 2022 Legislative Session is behind us. Your Kansas Chamber team had another successful year advocating for the state's business community and ensuring your voice was heard in Topeka.

There were no partisan headlines during the 2022 session about “irresponsible” tax cuts that will break the state’s budget. Outside of sales tax on food - something both Republicans and Democrats supported eliminating, state lawmakers did not focus on tax policy this session.

Bipartisan support extended to reducing government regulation. Kansas became the 26th state to allow independent practice of nurse practitioners with strong bipartisan support. The Kansas Legislature also passed a bill removing the practice of eyebrow threading from the Kansas Board of Cosmetology’s licensure requirements.

Another bill passed requires state agencies to review all rules and regulations every five years and allows them to “fast track” the repeal of outdated or unnecessary regulations. Additionally, the Legislature approved bills strengthening computer science standards for K-12 students and clarifying liability coverage for work-based learning opportunities.

I share these accomplishments to reiterate my message from the Chamber’s 2022 Annual Dinner: A lot of bills supported by the Kansas Chamber passed with large majorities. While there may be a few controversial bills each year, by and large the policies the Chamber team works on to reduce the burden government places on Kansas businesses have strong support within the Legislature.

Despite the victories, we still have many areas to improve to make Kansas a top state to do business. And while some can be divisive, they do not have to be.

- ▶ A recent commercial touted “record ending balances” for the state. What that really means is Kansas taxpayers overpaid by record amounts. We should look at responsible ways to lessen the tax burden on our residents and businesses. The Tax Foundation laid out a strategy in its *Tax Modernization* report for Kansas.
- ▶ Energy continues to be a significant cost-driver for our manufacturing members. We must find ways to lower energy costs to get Kansas back to being regionally competitive so we can encourage and attract investment in our great state.
- ▶ The Kansas Supreme Court this summer will rule on a key property tax case focused on how counties value commercial retail property. The Chamber submitted an Amicus Brief on behalf of our membership arguing about the importance of predictable and fair valuation methods.

These issues are important to our members and need to be addressed. Your Kansas Chamber team is committed to our mission of improving the economic climate for the benefit of every business and citizen and safeguarding our system of free, competitive enterprise. We thank you for your support during the past year.

Sincerely,

Alan Cobb
President & CEO, Kansas Chamber

2022 CAPITOL GAINS

TAXATION

OUR POSITION

The Kansas Chamber supports policies which lower taxes, allowing businesses the crucial financial strength to grow, develop products, invest in employees, and increase profits. A strong business climate creates a strong state economy, generates jobs, and provides for investments in communities.

THE CHALLENGE

With the 2022 elections around the corner, the Kansas Legislature did not have a strong desire to consider tax policy this session. On top of record revenues, there remains room to reduce rates. Thankfully, lawmakers kept spending relatively flat, leaving the door open for discussions next year on comprehensive reform. They did pass a phase-out of the state sales tax on food starting January 2023.

OUR VICTORIES

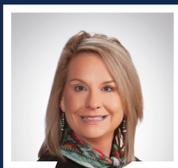
- ▶ Passed **House Bill 2239**, a comprehensive tax bill containing several important provisions for the business community:
 - ▶ Changes to last year's Truth in Taxation Act.
 - ▶ Creates formal complaint process for taxpayers through the Kansas Board of Tax Appeals if governing body does not follow Truth in Taxation process.
 - ▶ Requires revenue neutral notice to include percentage change by which property tax exceeds revenue neutral rate.
 - ▶ Requires roll call vote of governing body so taxpayers can see how elected officials voted.
 - ▶ Requires Kansas Department of Administration to annually provide a list of taxing subdivisions by county with information concerning the revenue neutral rate of each taxing subdivision, whether a hearing was held to exceed its neutral rate, and the tax rate resulting from the adopted budget along with the percentage change.
 - ▶ Increases the residential exemption from the 20-mill statewide school finance property tax levy from \$20,000 to \$40,000 of valuation beginning in 2022 and increases in future years according to average percentage increases in statewide residential property for the preceding ten years.
 - ▶ Changes to SALT Parity Act
 - ▶ Allows certain pass-through entities the option of paying state income taxes at the entity level rather than by individual owners of pass-through entities beginning in the 2022 tax year.
 - ▶ Equalizes treatment of State and Local Tax (SALT) deduction between C-Corps and pass-through entities where individuals have a cap of \$10,000 paid in state and local taxes that can be deducted because of changes in federal tax code. C-Corps do not have a cap on state and local taxes paid.

TAXATION (cont.)

- ▶ Establishes the Aviation and Aerospace Tax Credit
 - ▶ Provides employers nonrefundable income tax credit for tuition or program-specific reimbursements paid to a full-time qualified employee who has graduated from an accredited engineering or technology or technical program.
 - ▶ Caps credit at 50% of the total amount of tuition reimbursement paid up to the fourth year of employment with a qualified employer.
 - ▶ Provides nonrefundable tax credit for up to 10% of compensation paid to qualified employees in each of the first five years of employment, not to exceed \$15,000 per year.
 - ▶ Creates nonrefundable credit for taxpayers who become qualified employees of aviation or aerospace companies.
- ▶ Increases Research and Development Tax Credit
 - ▶ Increases the research and development tax credit from 6.5% to 10% of qualified expenditures and expands it to include pass-through entities (currently limited to C-Corps).
- ▶ Passed **House Bill 2136**, changing sales tax regulations for retailers and enacting the COVID-19 Retail Storefront Property Tax Relief Act:
 - ▶ Eliminates the estimated prepayment of sales tax by retailers (supported by the Chamber’s Kansas Retail Council). Retailers will only be required to submit monthly, quarterly and annual sales tax payments after the tax has been collected.
 - ▶ Provides retail storefront property tax relief for businesses closed during the pandemic.
 - ▶ The refund would be equal to 33 percent of the sum of the COVID-19 ordered shutdown days gross rebate amount and the COVID-19 ordered restricted operations days gross rebate amount, as those terms are defined by the bill.
 - ▶ Refunds would be limited to \$5,000 per tax year per retail storefront.

“Kansas businesses face intense competition across the country and around the world. It is important for our state to provide a competitive business climate that enables Kansas companies to succeed in a global economy. The Kansas Chamber advocates for policies that create an environment that helps companies like ours to grow and thrive, and ensures our voices are heard in Topeka and Washington, DC.”

Chuck Cadena, Vice President of Corporate Affairs, Spirit AeroSystems



“Tracking what is happening with Kansas Legislature is essential to me as a business owner and a Kansan. Therefore, I gladly support the Kansas Chamber, knowing they work on behalf of business owners to ensure policymakers understand the impact of their decisions on both individuals and business owners.”

Heather Jantz, Chief Operating Officer, MJE, LLC

HUMAN RESOURCES

OUR POSITION

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

THE CHALLENGE

The COVID-19 pandemic strained the state's unemployment benefits system. Much of the problems pointed to the outdated computer system utilized by Kansas Department of Labor (KDOL). Neglected maintenance led to hundreds of millions in fraudulent payments and thousands of Kansans having their identities stolen.

OUR VICTORIES

- ▶ Passed **House Bill 2703**, a follow up to 2021's comprehensive unemployment insurance reform bill, HB 2196.
 - ▶ Makes necessary changes to the statutory employer contribution rate tables to ensure employers are properly charged and are not over-taxed.
 - ▶ Allows employer tax credits to be used if the trust fund balance is achieved, even while under the neutral rate table established by HB 2196. This change prevents \$50 million in additional UI taxes if the trust fund reaches \$1 billion balance as projected.
 - ▶ Changes claimant participation requirement in the My Reemployment Program from three continuous weeks of UI benefits to three or more weeks of benefits in current benefit year. This requirement change stops claimants from avoiding participation in MRP by stopping their job search after two weeks and keeping them in the UI system longer.

SUCCESSFULLY DEFEATED:

- ▶ Defeated **Senate Bill 361** which provided lifetime benefits for PTSD injuries under workers compensation claims.
- ▶ Defeated **Senate Bill 491** which expanded workers compensation to include PTSD claims for first responders.

HEALTH CARE

OUR POSITION

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 their employees.

THE CHALLENGE

Access to quality health care in Kansas continues to be an issue, especially in rural communities. Several state laws control access which limits options for consumers. The Chamber will pursue policies that increase access through private market solutions rather than through growing government programs.

OUR VICTORIES

- ▶ Passed **S Sub for HB 2279** allowing Advanced Practice Registered Nurses (APRN's) to practice and prescribe without a collaborative practice agreement signed by a physician.
 - ▶ Requires APRNs earn at least a master's degree in nursing and national certification as well as have malpractice insurance.
 - ▶ Makes Kansas the 26th state to allow APRNs to practice independently.
- ▶ Passed **Senate Bill 200** to allow pharmacists to test and treat patients for strep, influenza, and urinary tract infections.
 - ▶ Expands pharmacists' ability to treat patients. Prior to SB 200, a pharmacist could perform limited tests for infection. Patients would have to go to their primary care physician for diagnosis and then return to the pharmacy to receive the prescription for treatment.

REGULATORY AFFAIRS

OUR POSITION

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

THE CHALLENGE

The growing impact of regulations in the daily operations of businesses can no longer be ignored. Steps must be taken to ensure proper checks and balances exist between the Kansas Legislature and the state agencies tasked with carrying out the laws passed.

OUR VICTORIES

- ▶ Passed **House Bill 2087** to strengthen the economic impact statements required by state agencies when a rule or regulation is expected to cost more than \$1 million during a two-year period.

- ▶ Passed **Senate Bill 34** to require state agencies review all rules and regulations every five years and to allow "fast track repeal" of outdated or unnecessary ones.
- ▶ Passed **House Constitutional Resolution 5014** to have voters consider amending the state constitution to grant the legislature oversight and authority to revoke or suspend any rule or regulation created by a state agency.
- ▶ Passed **Senate Bill 493** to prevent local governments from banning plastic containers/products such as bags and straws. Unfortunately Gov. Laura Kelly vetoed the bill and a legislative attempt to override the veto failed.

EDUCATION & WORKFORCE DEVELOPMENT

OUR POSITION

The Kansas Chamber supports an excellent education system which produces a well-educated, well-trained Kansas workforce to meet the business needs of today and tomorrow.

THE CHALLENGE

Kansas must ease restrictions which create barriers to entry into our state's workforce.

OUR VICTORIES

- ▶ Passed **House Bill 2466** expanding computer science courses in secondary schools.
 - ▶ Requires each secondary school operated by a school district to offer at least one computer science course.
 - ▶ Requires such course to be high quality, meet or exceed the model standards established by the Kansas State Board of Education, and be made available in a traditional classroom setting.
- ▶ Passed **Senate Bill 91** addressing liability protections for work-based learning programs.
 - ▶ Exempts businesses from certain liability claims arising from a secondary student engaged in a work-based learning program.
 - ▶ School districts will be responsible for a student's loss because of bodily injury, sickness, or death caused by accident because of a negligent act or omission caused by a student or business.
 - ▶ Immunity is not provided for the student or business for gross negligence or willful misconduct.



"Partnering with the Kansas Chamber helps businesses track what is happening in the Kansas Legislature and in Washington, DC. It ensures our voices are heard on issues and policies critical to our operations. We appreciate the work the Chamber does on behalf of the state's business community to make Kansas a great state to do business."

Tracy Streeter, Business Development Manager, Burns & McDonnell

“Policy and regulation decisions made in Topeka and Washington, DC can greatly impact the Kansas business community. But we don’t have time to track every piece of legislation being considered. Thanks to the Kansas Chamber I know the voice of business leaders will be heard and government decision makers will understand the impact of their choices.”

Karma Mason, Owner/Co-Founder, iSi Environmental



LEGAL REFORM

OUR POSITION

The Kansas Chamber supports efforts to improve the state’s legal climate by reducing incentives for litigation that disproportionately awards plaintiffs.

THE CHALLENGE

The multi-billion litigation industry routinely targets consumers through deceptive advertisements warning of potential injuries from medical devices or pharmaceutical products that have not been recalled by the U.S. Food and Drug Administration.

OUR VICTORIES

- ▶ Passed **Senate Bill 150** to establish legal advertisement guidelines that protect consumers against misleading advertisements used by lead generators or companies to gather and then sell consumer data to law firms searching for prospective clients.
- ▶ Passed **Senate Bill 408** to increase penalties for theft of mail/delivery packages and to give law enforcement and prosecutors clear guidelines on how to charge “porch pirates” who commit multiple thefts of personal packages.
- ▶ Passed **Senate Bill 286** to extend COVID-19 liability protections for businesses and health care providers until January 2023. Unfortunately Gov. Laura Kelly vetoed the bill and a legislative override attempt of the veto failed.

HISTORIC VICTORIES

2020/2021

- ▶ Passed several laws related to the Kansas COVID-19 Pandemic Response, including business liability protection and prohibiting state government from closing businesses.
- ▶ Passed comprehensive tax legislation that removed several federal corporate provisions from Kansas tax law, reestablished the small business expensing deduction, and aligned the NOL standard with the federal indefinites carryforward on losses.
- ▶ Passed comprehensive changes to the state's unemployment insurance system included modernization of the UI computer system, setting new solvency rate tables that ensures equitable UI tax contributions, and holding employers harmless for fraudulent charges on their accounts.

2019

- ▶ Passed law to allow Kansas corporations and insurance companies to employ physicians to provide care to their employees, dependents or enrollees.
- ▶ Removed restrictions on small and medium sized businesses that prohibited them from joining more affordable Association Healthcare Plans (AHPs).

2018

- ▶ Established stronger guidelines for government agencies to follow when conducting economic impact statements on the cost to Kansas businesses when adopting rules and regulations.

2017

- ▶ Opposed efforts to subject custom computer software, towing services, non-residential custodial cleaning, and other services to sales tax.
- ▶ Protected against changes to PEAK and HPIP economic development programs.

2016

- ▶ Passed property tax reform which increases fairness of the property tax valuation and appeals process.
- ▶ Passed performance-based budgeting requirement, utilizing outcome measures to evaluate state agency program effectiveness.

2015

- ▶ 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.

OTHER NOTABLE VICTORIES

2013: Passed legislation prohibiting local units of government from requiring paid leave and paid sick leave.

2011: Led coalition to overhaul work comp system for first time in nearly 20 years.

2011: Passed expensing of capital investments. Kansas first state in nation allowing this.

2009: Passed Promoting Employment Across Kansas Act (PEAK).

2007: Phased out the franchise tax over three years.

2006: Repealed the business machinery & equipment property tax.

2005: Phased out estate tax over five years.

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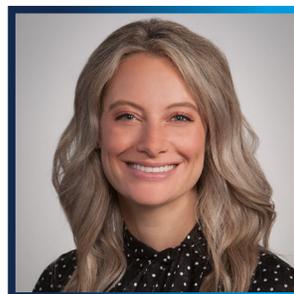
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