

A photograph of the Kansas State Capitol building at night, illuminated with warm yellow lights. The building's dome is the central focus, topped with a weather vane. The sky is a deep blue. In the foreground, there is a green lawn and a small tree on the left. The text '2023 LEGISLATIVE & POLICY AGENDA' is overlaid on the left side of the image in white, bold, sans-serif font.

2023 LEGISLATIVE & POLICY AGENDA

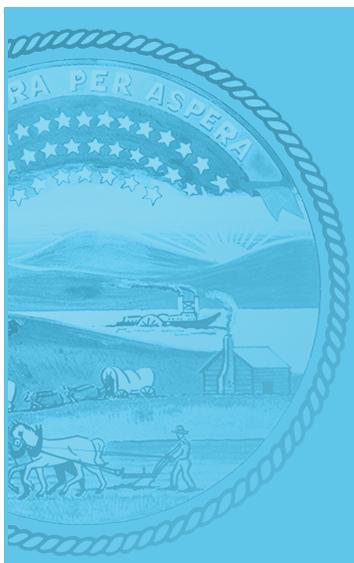


SAFEGUARDING OUR SYSTEM OF FREE, COMPETITIVE ENTERPRISE

2023 LEGISLATIVE AND POLICY AGENDA

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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.



5 TOP FIVE AGENDA PRIORITIES

The 2023 Legislative & Policy Agenda reflects the Kansas Chamber's efforts to reduce the cost of doing business in Kansas, create jobs and grow the state economy. Its top five priorities highlight key points of focus:

Reduce the Tax Burden

Tax revenues continue to push Kansas' annual receipts to record levels. Now is the time to cut personal and corporate income taxes to position our state to be regionally competitive.

Meet Workforce Needs

As we work to attract new businesses to Kansas and create a climate that encourages growth of existing entities, the strain on the state's workforce will only get worse. We urge the Kansas Legislature to adopt an apprenticeship tax credit for sponsoring employers and to support policies to increase access to childcare for Kansas workers.

Adopt Legal Reform

Kansas has become the 18th best state for trial lawyers as our court system has eroded protections and expanded liability against businesses and individuals. The Kansas Legislature must adopt legal reform measures that improve the legal climate for businesses operating in Kansas.

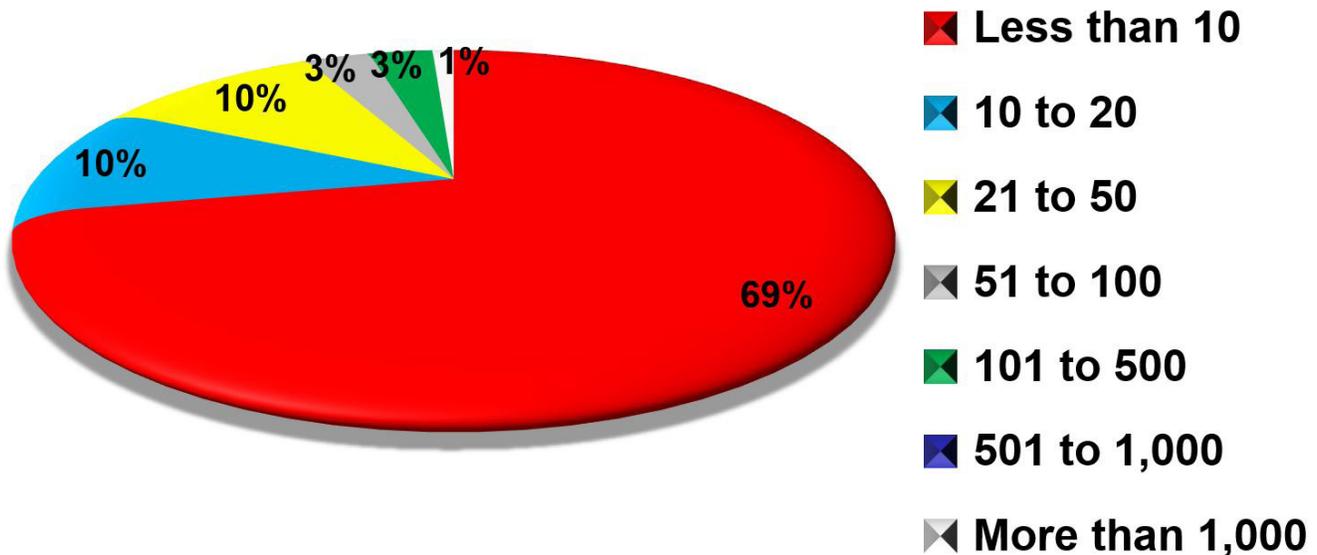
Improve Energy Costs

Kansas is the largest producer of wind energy in the world. However, this low-cost source of energy has not resulted in savings for Kansas ratepayers. In fact, it's quite the opposite. Kansas continues to be the highest energy cost state in the region, making manufacturing and production of goods and materials expensive. Kansas must improve its energy costs to be more competitive.

Stop Overreaching Regulations

Cities and counties across the country, and in Kansas, are banning legal consumer merchandise and household products. These patchwork policies create a compliance nightmare and put businesses outside city limits or in another county at a competitive advantage over those regulated by these restrictions.

Number of Employees in Businesses Polled*



Most Important to Profitability*

- Lower taxes on business: **39%**
- Reduce fuel/energy costs: **37%**
- Manage health care costs: **31%**
- Decrease regulations/mandates: **25%**
- Limit growth of government: **16%**
- Economic Incentives: **12%**
- Stop frivolous lawsuits/tort reform: **9%**
- Workers' compensation: **8%**
- Unemployment compensation: **8%**

OTHER POLL NOTES FROM KANSAS BUSINESS LEADERS*

- ▶ 83% believe to balance the state budget Kansas should cut spending rather than increase taxes
- ▶ **51% do not believe the Kansas economy is on the right track**
- ▶ 72% believe it would help the Kansas economy if state taxes were lowered
- ▶ **52% do not believe Kansas has the best business climate when compared to other states**
- ▶ 61% find job applicants don't have soft skills while 25% say applicants lack the needed tech skills
- ▶ **65% agree that a lack of access to childcare keeps Kansans out of the workforce**
- ▶ 25% believe government regulations and mandates have a major impact on a company's profitability

2023 LEGISLATIVE AND POLICY AGENDA

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:

- ▶ 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 sales-based formula.
- ▶ Reduce government spending instead of increasing the cost of doing business through tax increases.
- ▶ Oppose elimination of the High-Performance Incentive Program (HPIP) and reinstate the same qualifying investment thresholds for all Kansas counties.
- ▶ Oppose efforts to freeze or eliminate the Promoting Employment Across Kansas (PEAK) program.
- ▶ Oppose efforts which would subject professional services to sales tax.
- ▶ 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.
- ▶ Oppose any proposal to redirect the current 0.4-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' 2023 Business Tax Climate Index Rank



Source: Tax Foundation's 2023 State Business Tax Climate Index

What does it mean?

The 2023 edition of the Tax Foundation's State Business Tax Climate Index found Kansas ranked 25, down from 24 in 2022. A rank of 1 is best, 50 is worst.

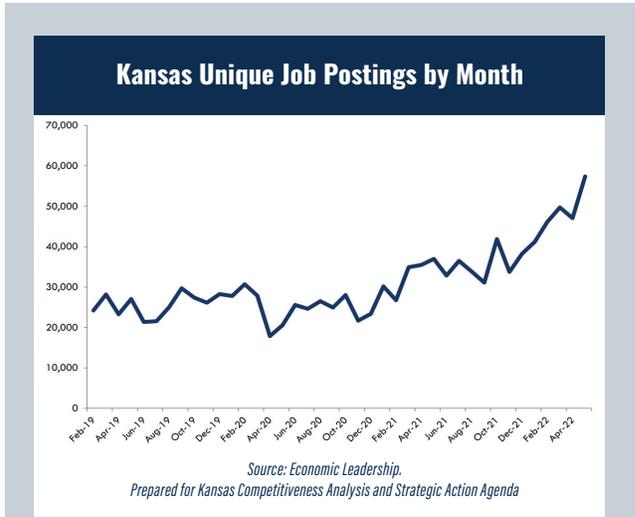
The drop in the state's ranking goes to show Kansas can't stand still. Other states are making changes to their state tax code that make them more competitive.

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 the establishment of a new tax credit for employers who participate in the Kansas Registered Apprenticeship Program.**
- ▶ **Support policies to make childcare more affordable and accessible for Kansas workers by relaxing overly restrictive staff-to-child ratios and increasing childcare capacity across age groups.**
- ▶ 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 regarding school funding.
- ▶ Support policies that promote coordination of resources and alignment of curriculum between K-12 and higher education institutions to ensure the workforce needs of businesses and career needs of students are met.
- ▶ 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.
- ▶ Strengthen requirements to enhance in-classroom spending and eliminate inefficient spending.
- ▶ Support vigorous and dynamic Kansas-based primary and secondary education standards that focus on college and career readiness and 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 for the benefit of our Kansas students through a system that rewards excellence in teaching and innovation.
- ▶ Support efforts to enhance computer science for K-12 students.
- ▶ Support realigning education funding to give a higher weighting of CTE for high-wage, high demand jobs.



What does it mean?

Whether it's building back jobs that were lost or companies that are growing, there is currently demand across the Kansas economy for workers. We can see that companies are working hard to fill their gaps by evaluating online job postings. Unique job postings in Kansas are up higher (almost double) than even pre-pandemic levels.

2023 LEGISLATIVE AND POLICY AGENDA

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 legislation that requires disclosure of third-party financing of litigation.
- ▶ Support lowering pre-judgement interest rates to bring Kansas in line with other states.
- ▶ 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.
- ▶ 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.
- ▶ Support legislation regarding admissibility of evidence of seat belt use.
- ▶ 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.



"As innovators and problem solvers, we have a continual interest in removing barriers to businesses. Partnering with the Kansas Chamber means issues affecting our industry are spotlighted at the statehouse. We are stronger with the support of the Kansas Chamber."

Matt Cortez, President, GLMV Architecture

"The Kansas Chamber provides direct communication from our business to lawmakers in the Kansas Legislature. When the possibility of government overreach threatens your business, it's critical to have advocates like the Kansas Chamber team in your corner."

Staci Williams | Owner, Petland Retail Stores | Chair, Kansas Retail Council



HUMAN RESOURCE ISSUES*

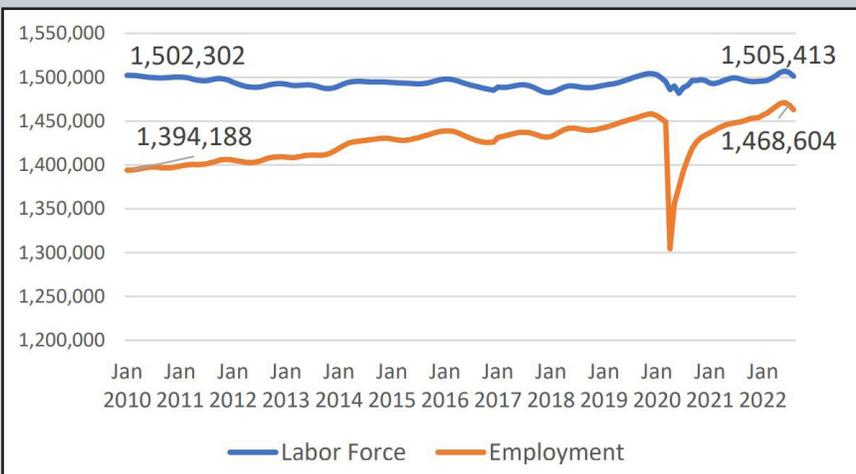
REDUCE COSTS TO PROMOTE GROWTH

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

- ▶ Support criminal justice reform efforts and programs that offer the opportunity for individuals with criminal records to re-enter the workforce.
- ▶ Support policies that 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.
- ▶ 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.
- ▶ Oppose state-led efforts which put employers in conflict with federal discrimination laws.

** Both a federal and state issue*

Kansas Employment & Labor Force Growth 2010-2022



Source: Economic Leadership. Prepared for Kansas Competitiveness Analysis and Strategic Action Agenda

What does it mean?

With a state population of just under 3,000,000 and a growth rate during the past five years of about one-half of one percent, Kansas faces a competitive challenge to supply the workers needed for growth. Since 2010 the total net growth in the state's labor force has been a little more than 3,000. This lack of labor force growth is projected to remain a primary business concern. Most Kansas counties expect their prime age labor force to remain near the current level or decline during the next decade (2022-2032).

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:

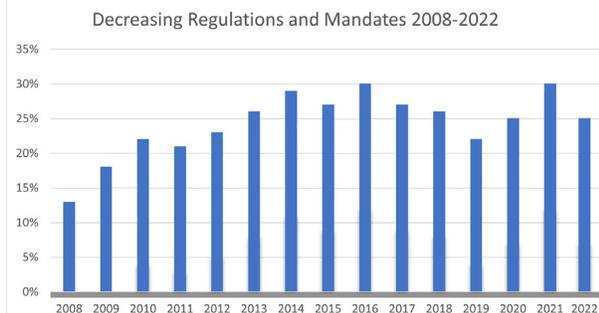
- ▶ Support legislation prohibiting local governments from banning consumer merchandise and plastic containers.
- ▶ Maintain a set of clear requirements in the regulatory process that instills confidence for businesses that follow the rules when seeking to do business in the state.
- ▶ Prevent imposition of burdensome state and federal regulations on business and industry.
- ▶ Encourage the least restrictive method of regulation that supports the goal of protecting the public without limiting competition.

** Both a federal and state issue*

What does it mean?

Twenty-five percent of Kansas business leaders believe government regulations and mandates are a top concern for 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.

Concerns of Profitability in Kansas



Source: The Kansas Chamber's 2022 Business Leaders Poll

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.
- ▶ Support continuation and expansion of Angel Investor Tax Credit program.

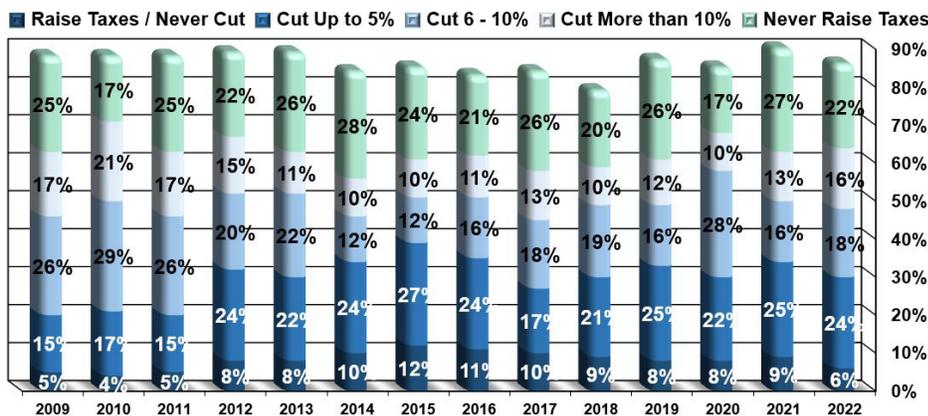
GOVERNMENT EFFICIENCY

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:

- ▶ **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.
- ▶ Establish transparency and uniformity in budgeting for all levels of government.
- ▶ 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.

How Much Should Be Cut? 2009 - 2022



Source: The Kansas Chamber's 2022 Business Leaders Poll

What does it mean?

The desire to cut spending instead of raising taxes continues. 80% of Kansas business leaders want the governor and the Kansas Legislature to cut state government spending instead of increasing taxes.

2023 LEGISLATIVE AND POLICY AGENDA

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:

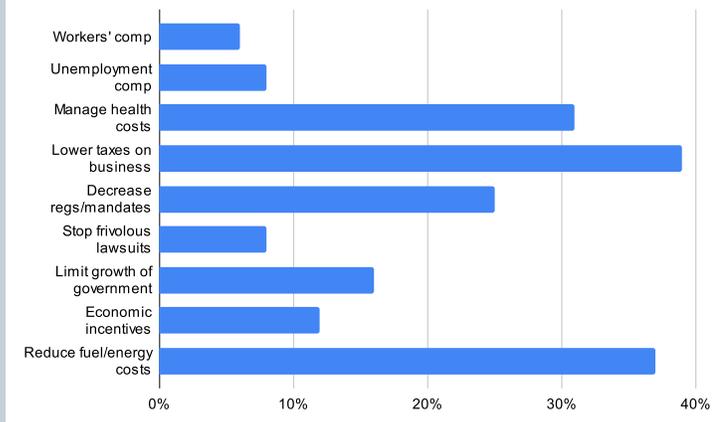
- ▶ Support efforts to achieve regionally-competitive electric rates and delivery costs as well as ensure uninterrupted service regardless of source.
- ▶ Support further review of modifications to the structure of the Kansas Corporation Commission and its appointment process to support the state goal of regionally competitive electric rates.
- ▶ Support implementation of recommendations from the legislative study on the competitiveness of Kansas energy rates to improve our state’s electricity costs.
- ▶ Support policies that create equal competition among energy sources and technologies.
- ▶ Support incentives for businesses to voluntarily utilize energy more efficiently versus penalties and/or mandates.
- ▶ 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 market-driven energy technologies.

** Both a federal and state issue*

What does it mean?

The Kansas Chamber’s 2022 Business Leaders Poll showed energy costs are the second highest concern for profitability, surpassed only by excessive business taxes. Regionally competitive energy costs are a critical unmet need for the Kansas business community.

Most Important to Profitability?



Source: The Kansas Chamber’s 2022 Business Leaders Poll



“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 serves and represents small and large manufacturers across the state. This valuable partnership ensures Kansas manufacturers can compete in the global economy, create jobs, and invest in their communities.”

Mark Chalfant, Director of Operations, BG Products



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 policies that 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.
- ▶ 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 health insurance plans they offer.
- ▶ 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 state-level implementation of policy measures that 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.
- ▶ Support policies that increase personal participation in health care purchasing.

* Both a federal and state issue

2023 LEGISLATIVE AND POLICY AGENDA



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.

TAX

- ▶ Reimburse retailers a percentage of the cost to comply with collecting and remitting sales and excise taxes to the state.
- ▶ Eliminate prohibition of retailers from passing on credit card fees to consumers.
- ▶ 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.

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/Legislative-App



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.
- ▶ 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.
- ▶ Reduce government spending instead of increasing the cost of doing business through tax increases.

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 and industry.

ENERGY

- ▶ Support implementation of key recommendations from the legislative study on the competitiveness of Kansas energy rates to improve our state's electricity costs.
- ▶ Support policies that create equal competition among energy sources and technologies.
- ▶ Support incentives for businesses to voluntarily utilize energy more efficiently versus penalties and/or mandates.

EDUCATION & WORKFORCE DEVELOPMENT

- ▶ Support the establishment of a new tax credit for employers who participate in the Kansas Registered Apprenticeship Program.
- ▶ Support policies to make childcare more affordable and accessible for Kansas workers by relaxing overly restrictive staff-to-child ratios and increasing childcare capacity across age groups.
- ▶ 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 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.

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Kansas Manufacturing Council

Kansas Retail Council

Leadership Kansas

State Affiliate of Ntnl. Assoc. of Manufacturers (NAM)

State Affiliate of National Retail Federation (NRF)