

2023 CAPITOL GAINS



KANSASCHAMBER
UNITED FOR BUSINESS

SAFEGUARDING OUR SYSTEM OF FREE, COMPETITIVE ENTERPRISE

2023

CAPITOL GAINS

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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.



FROM THE PRESIDENT



The 2023 Kansas Legislative Session came to an end the last week of April. Unfortunately, the session ended without the positive news of tax cuts that legislative leaders and both the Kansas Senate and Kansas House of Representatives' tax committee chairs worked so hard to accomplish. Yes, Governor Laura Kelly vetoed what the Kansas Chamber perceived to be reasonable tax reform that put in place a sound structure of a single rate on personal income taxes. But the failure to override her veto happened because of an attitude of spite from several Republican state senators who cared more about getting even than accomplishing good public policy.

State Senators Dennis Pyle and Rob Olson chose to “get even” with senate leadership by voting no on the override. A third senator, Alicia Straub, passed on voting on the override attempt, essentially accomplishing the same goal as voting no. Those actions left a bitter taste for what could have been a positive ending to the session. However, the Chamber will not lose sight of the good work accomplished in other policy areas important to the Kansas business community.

We made great strides in addressing workforce issues with passing of the Registered Apprenticeship Tax Credit as well as legislation creating a formal affiliation between Fort Hays State University and North Central and Northwest Kansas Technical Colleges. This alignment of resources will be a significant benefit to employers and students in the central and western half of the state.

The Chamber also succeeded in passing two legal reform bills to better protect Kansas businesses from expanded liability. As energy costs continue to be a competitive deterrent for the state's manufacturing industry, the Kansas Legislature approved a bill restricting what charges can fall under the transmission delivery charge; strengthening KCC oversight on transmission planning; and requiring more in-depth reviews of the economic impact of transmission charges.

While some policies did not pass in 2023, we remain hopeful the 2024 session will be a positive one for the Legislature to continue its work to improve our state's business climate. Being an election year, it will be more important than ever for our membership to offer financial support for pro-business candidates. Not only are we seeing the typical big government threats, but we also are seeing a more “populist” threat rising where so-called conservatives are using the arm of government to erode the free market through the lenses of their philosophical beliefs. This threat is not unique to Kansas and honestly, the threat isn't as great here as it is in other states. But the threat exists, and the Kansas Chamber PAC will need resources to defend our endorsed candidates against the newer threats as political winds shift and trends evolve.

But no matter the outcome each year, or the challenges and victories we experience, our team cannot do what we do best without the support from our membership. Without our members we would not exist, and for each one of you, we are thankful.

Sincerely,



Alan Cobb
President & CEO, Kansas Chamber

2023 CAPITOL GAINS

ENERGY

OUR POSITION

The Kansas Chamber supports efforts to promote market-driven solutions to reduce energy costs and maintain a comprehensive energy policy that balances a diverse portfolio of energy sources and technologies.

THE CHALLENGE

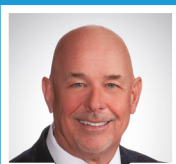
Rising electricity costs have placed Kansas at a competitive disadvantage during the last decade. The Kansas Legislature must look at ways to make Kansas energy costs more affordable and increase accountability of the Kansas Corporation Commission and public utilities.

OUR VICTORIES

- ▶ Passed **House Bill 2225** to change how the Kansas Corporation Commission allows for cost recovery of certain transmission projects under the transmission delivery charge.
- ▶ The bill also requires public utilities to evaluate the competitiveness of regional rates and the impact on economic development in rate proceedings.

"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



"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

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

As the state continues to bring in record tax revenues, the Chamber advocated for income tax reductions and to move Kansas to a single-rate income tax structure. However, Governor Laura Kelly vetoed the two significant tax bills passed during the 2023 session.

OUR VICTORIES

▶ Passed **Senate Bill 169** to reduce income tax, corporate income tax, and food sales tax rates. **The Kansas Senate failed by two votes to override Gov. Kelly's veto of SB 169. The bill also included:**

- ▶ Establishing single rate of 5.15% on personal income taxes.
- ▶ Reducing corporate income taxes as called for in the APEX economic development incentive legislation from 2022, and privilege taxes for financial institutions.
- ▶ Expanding exemption on Social Security income.
- ▶ Annual increasing standard deduction for cost-of-living adjustments.
- ▶ Accelerating elimination of state sales tax on food to July 2023.
- ▶ Increasing property tax exemption on statewide 20 mill school finance levy to \$60,000.

▶ Passed **Senate Bill 8** to provide sales tax and property tax exemption for certain businesses where government operates in direct competition. **Governor Kelly vetoed SB 8 after session ended, so the Legislature cannot attempt an override. The bill also included:**

- ▶ Reducing penalties for late filing of oil and gas leases and tangible personal property from 5% to 2%.
- ▶ Requiring previous two years appraised and assessed values of property on annual property valuation notices.
- ▶ Exempting sales tax on telecommunications machinery and equipment.
- ▶ Clarifying the SALT Parity Act passed in 2022.
- ▶ Modifying the 15% penalty for employers not timely remitting withholding taxes to a graduated penalty scale mirroring federal penalties.
- ▶ Changing Disability Employment Act tax credit.

EDUCATION & WORKFORCE DEVELOPMENT

OUR POSITION

The Kansas Chamber supports an excellent education system which produces a well-educated, well-trained Kansas workforce for tomorrow's business needs.

THE CHALLENGE

The workforce challenges facing Kansas are not unique. Employers across the country need more workers. Kansas must focus on retaining and attracting employees through sound public policy and a competitive tax climate. We also must ensure students in Kansas pursuing post-secondary education graduate with skills necessary to be productive employees for years to come.

OUR VICTORIES

- ▶ Passed **House Bill 2292** to establish the Registered Apprenticeship Tax Credit.
 - ▶ This was one of the recommendations from the Chamber's recent workforce study.
- ▶ Passed **House Bill 2290** to establish a formal affiliation between Fort Hays State University and North Central and Northwest Technical Colleges.
- ▶ Passed **House Bill 2414** to provide grants for private colleges and universities to expand their qualifying engineering programs.
- ▶ Passed **Senate Substitute for House Bill 2344** to modernize laws related to childcare facilities and childcare homes. **The Kansas House of Representatives failed by three votes to override Gov. Laura Kelly's veto of the bill. It also included:**
 - ▶ Establishing training guidelines for facility directors, lead teachers, and assistants.
 - ▶ Establishing annual professional development requirements.
 - ▶ Modifying capacity ratios for facilities mirroring those proposed by KDHE in 2022 that were withdrawn for unknown reasons.

LEGAL REFORM

OUR POSITION

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

THE CHALLENGE

As the Kansas legal climate erodes through judicial activism, we must oppose decisions which expand liability of Kansas businesses.

OUR VICTORIES

- ▶ Passed **Senate Bill 75** to lower the pre-judgement interest rate to reflect current economic conditions of interest rates versus a static 10 percent that had been law.
- ▶ Passed **Senate Bill 258** to create a cause of action against abusive litigation under the Americans with Disabilities Act (ADA).
 - ▶ Small businesses across the country are targeted with junk litigation claims that their websites are not ADA compliant, even though there are no federal standards of what constitutes an ADA compliant website.
 - ▶ SB 258 gives Kansas businesses a cause of action against attorneys who clearly show a pattern of abuse filing ADA claims.

“Businesses of all sizes face issues in Kansas and across the U.S. — both economically and concerning public policy. The Kansas Chamber fights each year to empower businesses to stay competitive and to raise awareness of challenges and opportunities our government has in creating a fairer and more business-friendly state and nation. Having the Kansas Chamber in our corner gives me peace of mind.”

Corey Peterson, President/Owner, Hemslöjd, Inc.



REGULATORY AFFAIRS

OUR POSITION

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

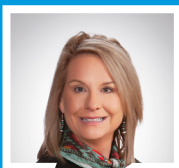
THE CHALLENGE

Kansas has made great strides in recent years improving the regulatory climate of state agencies. But Environmental and Social Governance (ESG) is grabbing a bigger foothold in policymaking from all political sides. Kansas must protect the free market without adding mandates against businesses to force behavior that prohibits or requires certain actions.

Thank you to our partners at the Kansas Bankers Association and Kansas Credit Union Association, and State Treasurer Steven Johnson for working diligently on neutral language that does not penalize businesses.

OUR VICTORIES

- ▶ Passed **House Bill 2100** to address ESG without penalizing businesses.
 - ▶ Prohibiting the state of Kansas from giving preferential treatment or discriminating against companies based on ESG policies when procuring contracts.
 - ▶ Requiring KPERS to act in the sole interest of beneficiaries of the system.
- ▶ Negotiated acceptable language for **House Bill 2019** with the Kansas Office of Information Technology Services on reporting requirements for state contractors related to data breaches involving state information.
 - ▶ Original language was problematic for Kansas IT/telecom companies because of unrealistic time constraints and unclear definitions.
- ▶ Passed **Senate Bill 174** to strengthen enforcement of theft in multiple counties by the Kansas Attorney General to address threat of organized retail crime.



"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

SUCCESSFULLY DEFEATED

- ▶ **SENATE BILL 68**, known as ROFR (Right of First Refusal), which would have prohibited competitive bidding on transmission projects in the state. Lack of competition will result in higher costs for ratepayers already struggling with uncompetitive electric rates.
- ▶ **SENATE BILL 50** which would have imposed penalties for censorship of social media websites, broadly written and negatively impacting businesses with community forums for their customers.
- ▶ **SENATE BILL 38** which would have raised benefit caps in workers compensation claims without offering any reforms sought by employers.
- ▶ **SENATE BILL 315**, which would have prevented employers from mandating ANY vaccination for employees.

PRIORITIES FOR 2024

- ▶ **WORK COMP REFORM** — Business and labor attorneys have started negotiations for comprehensive work comp reform that will include positive changes for both sides.
- ▶ **LOCAL GOVERNMENT PREEMPTION** — The failure to pass HB 2446 and HB 2447 to prohibit local governments from banning plastic containers and from regulating consumer merchandise leaves this as a priority for 2024.
- ▶ **KCC REFORM** — The Kansas Chamber will continue to look at ways to increase ratepayer representation with the Kansas Corporation Commission.
- ▶ **TAX CUTS** — The Kansas Chamber will continue to work with legislative leadership to pursue responsible tax reform that makes Kansas more competitive.

HISTORIC VICTORIES

2022

- ▶ Passed tax laws containing important provisions for the business community.
- ▶ Changed sales tax regulations for retailers and enacted COVID-19 retail storefront property tax relief.
- ▶ Passed follow up to 2021's comprehensive unemployment insurance reform.
- ▶ Passed law allowing Advanced Practice Registered Nurses to practice & prescribe without agreement signed by a physician.

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.

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 in three years.

2006: Repealed the business machinery & equipment property tax.

2005: Phased out estate tax in five years.

OUR TEAM



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President & CEO



ERIC STAFFORD
VP of Government Affairs



AARON MILLER
SVP, Kansas Chamber & Executive
Director, Education Foundation



SHERRIENE JONES-SONTAG
VP of Communications



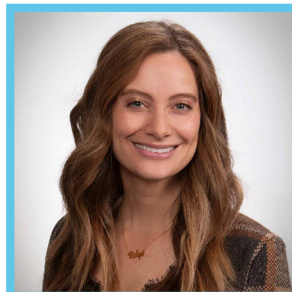
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