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# CAPITOL GAINS <sup>2011</sup>



UNITED FOR BUSINESS AT THE STATEHOUSE

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# OUR 2011 VICTORIES

100. That's the number of bills we tracked during the 2011 Kansas Legislative session. We were successful in 100% of our efforts to protect recent gains on behalf of our members. The Kansas Chamber, by leveraging member input and grassroots activism, is leading the effort to make Kansas the best state in the country in which to do business.

## Taxes

### ★ No Increases in Business Taxes in 2011

**OUR POSITION** Lower taxes allow businesses the crucial financial strength to grow, develop products, invest in employees and increase profits. Strong businesses create a strong economy.

**THE CHALLENGE** The state's budget deficit was the defining issue of the 2011 legislative session. The good news is Chamber-recruited and -supported candidates dramatically changed the makeup of the Kansas House and Governor's office, making Kansas a much more business-friendly state. As a result, the legislature was able to close a roughly \$500m budget deficit and have a \$50m ending balance without raising taxes.

**THE SOLUTION** Not only did legislators not increase your tax burden, but they improved it by passing the following Chamber-supported tax legislation:

- The High Performance Incentive Program (HPIP) is a highly valued, 10-year investment tax credit the Chamber has long sought to simplify and make more flexible. Legislation passed to extend the carry-forward period from 10 years to 16 and dramatically simplify the recertification process when companies claim their earned credits.
- Kansas became the only state in the nation to allow expensing or "writing off" of capital investments, something the Chamber has advocated for several years.
- The legislature re-established a three-year statute of limitations for taxpayers to claim sales tax exemption refunds, which were previously limited to one year. The new law is retroactive upon enactment, making eligible certain exemption claims that would currently be ineligible.

## Business Development

### ★ Enhanced Tools to Grow Kansas Jobs

**OUR POSITION** Kansas needs to leverage all available resources to attract businesses and investment to our state. A robust business climate will bring companies to Kansas and grow the businesses that are already here.

**THE CHALLENGE** Many incentive programs and initiatives that provide vital economic development funding were suspended or completely eliminated due to the budget deficit.



**THE SOLUTION** Several economic development tools were created or enhanced this session with strong Chamber support:

- The PEAK (Promoting Employment Across Kansas) bill was amended for the second consecutive year to:
  - Create additional opportunities for existing Kansas companies by increasing the \$4.8 million cap for in-state expansions to \$6 million.
  - Allow new LLCs and Sub-S companies to be forgiven their personal income tax liabilities by moving to Kansas, creating a major incentive without costing the state fiscally.
  - Include for two years a "retained jobs" definition under the program, meaning jobs which would otherwise be lost but for employer participation in PEAK. This provision provides the state a critical retention tool until the Deal Closing Fund is fully funded in future years.
- The Investments in Major Projects and Comprehensive Training (IMPACT) Program was abolished in favor of an up-front cash incentives Deal Closing Fund. The Chamber has long advocated the State move away from the bonded debt approach to economic development in favor of up-front cash incentives.

## Human Resource Issues

### ★ Work Comp Reform and Unemployment Insurance

**OUR POSITION** The Kansas Chamber supports policies that promote fairness and protect employer costs and free choice.

**THE CHALLENGE** Employers have seen significant increases in both worker's compensation and unemployment insurance premiums. The Unemployment Insurance Trust Fund continues to borrow money from the federal government.



**THE SOLUTION** The Chamber led a coalition of business organizations in a push for work comp reform which was successfully passed.

- The legislature passed its first significant work comp reform legislation since 1993. Legislation raises the threshold of entry through a new 'prevailing factor test;' reverses court decisions which reversed decades of case law; changes future medical; establishes new standards for work disability; provides employer credit for pre-existing conditions and more. Those legitimately injured on the job will see benefit caps increased as part of the compromise package.

The Chamber supported legislation that repays the estimated \$200 million federal loan and gets employers back to their true experience rating.

- The legislature passed UI legislation which extends rate caps established in 2010 offering relief to employers through 2014. The UI system now shifts more proportionately the rebuilding of the trust fund with increased surcharges on certain negative balance employers; reduces benefits by reinstating the waiting week and eliminating the trailing spouse benefit (except for military spouses).



# STRENGTH IN NUMBERS

We set our annual agenda based on member input. This year, members were surveyed on seven key agenda issues, and feedback data showed legislators exactly where the business community stands.

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We involved many local and regional chambers and a large number of pro-business organizations in Kansas Chamber-led coalitions. We included other organizations in our efforts, allowing business an even louder voice and larger presence at the Statehouse.

We communicated our efforts through 20 breaking news e-mails and legislative summaries, 10 Kansas Business Minute audio packages and 300+ Twitter updates to keep our members informed and engaged during the legislative session.

We were at the Statehouse influencing and advocating for our members, so they could focus on running their businesses. Our four-person legislative team had a constant presence and testified more than 50 times during the entire 90-day 2011 legislative session.

## Join Us

Add to our numbers. Add your influence. Become involved. Visit us at [KansasChamber.org](http://KansasChamber.org) to listen to the Kansas Business Minute, learn more about the issues that face you and your business and sign up for our e-mail updates. Also, join us on Facebook and Twitter. You and your Chamber – united for business.

Affiliates of the  
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Kansas Chamber  
Political Action Committee

Kansas Industrial Council

Kansas Retail Council

Leadership Kansas

Kansas Chamber of Commerce Executives

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