

# 2019 State Legislative Priorities

Policies and priorities the Overland Park Chamber will support on behalf of the Overland Park business community during the 2019 legislative session.



**For more information:**

**Kevin Walker, IOM**

Vice President of Public Policy & Advocacy

(913) 766-7602 | [kwalker@opchamber.org](mailto:kwalker@opchamber.org)

[www.opchamber.org](http://www.opchamber.org)

## TOP PRIORITIES

**Top legislative objectives the Chamber actively will promote during the 2019 Kansas session:**

### GOVERNANCE

The cornerstone of municipal and county government and public education is the belief that governance should be as close to the people as possible. The Chamber continues to strongly support the preservation of local control whereby local officials, elected through non-partisan elections, are accountable for the funding (including imposition of local sales and property taxes), regulation and provision of services to meet the needs of the communities they serve, including, but not limited to, determining the timing of local elections (i.e., spring or fall and even- or odd-numbered years).

The Chamber believes that judicial review of legislation and constitutional provisions is a necessary safeguard in our system of government. A basic tenet of that system is the existence of three co-equal branches of government, and the checks and balances inherent to that system. The Chamber supports those principles and generally opposes constitutional amendments when used to address concerns that may be addressed through sound legislative policy.

The Chamber also encourages the Governor to make the development of the state budget a more open and collaborative process that includes appropriate legislative leadership in advance of the annual legislative sessions.

### EDUCATION

The Chamber recognizes that high-quality public education, from pre-K through post-secondary, leads to a high-quality workforce. Educational excellence is one of the single most important reasons companies have selected Johnson County and Overland Park as their place of business, thus creating jobs in our region and economic prosperity in Kansas.

The Chamber strongly supports exempting all Kansas post-secondary institutions from the provisions of the Kansas

Personal and Family Protection Act that permits the concealed carry of firearms on their premises and allowing those institutions to regulate the carrying of firearms (concealed or open) on their premises.

The Chamber supports statewide K-12 investment that is adequate for each district to be able to offer substantially the same opportunity for its students to achieve well-defined educational outcomes that meet or exceed the state standards promulgated by the Kansas State Board of Education ("Educational Outcomes").

The Chamber acknowledges and supports the valid expectation that progress will be made toward achieving those Educational Outcomes with consequences prescribed for a lack of such progress. Definition of acceptable progress as well as appropriate consequences for failure should be determined by the Kansas State Board of Education in cooperation with local boards of education.

The Chamber strongly believes that school districts should spend taxpayer money efficiently, meaning that the same or better quality of services or products should be provided at the best possible price, considering both the direct and indirect costs of doing so.

As constitutionally adequate funding is achieved, the Chamber supports increasing the caps on local effort; i.e., the local option budget (LOB), to allow each district's patrons to levy additional local taxes in order to supplement such district's funding and educational programs over and above that constitutionally funded by the state without resulting in increased taxes elsewhere.

The Chamber supports the use of more comprehensive criteria than simple poverty (i.e., qualification for the federal free

*(continued on the next page)*

lunch program) to identify “at risk” students to more appropriately address the enhanced funding needed to provide this student population the opportunity to achieve the Educational Outcomes.

The Chamber supports policies, programs, and funding that (i) invest in high quality early childhood education (including continued transfer of the tobacco settlement funds to the Children’s Initiative Fund for use in early childhood programs and opposing the securitization of those tobacco settlement funds), (ii) encourage and make possible the development of a world-class, robust public education system that offers curriculum options that (a) emphasize a rigorous science, technology, engineering, and mathematics (STEM) curriculum based on globally competitive standards as well as those that emphasize technical education and other career paths, all preparing students to be college and/or career-ready for the future and fosters a well-trained, productive, globally competitive workforce, (b) incentivize operational efficiencies, and (c) expand local authority and flexibility over how education funds are spent, all with the overall goal of maximizing educational outcomes.

The Chamber opposes the use of public tax funds to subsidize private education. The Chamber also opposes tax credits for contributions made to organizations, funds or programs established for the purpose of paying for or otherwise subsidizing private school tuition.

Within our state’s public higher education institutions, the Chamber supports:

- Adequate investment to ensure that higher education in Kansas is competitive with respect to both quality and affordability, including full restoration of the 2016 funding cuts;
- Measures to improve workforce development including enhanced career and technical education throughout the state;
- Promotion, advancement and funding of the University of Kansas Cancer Center’s National Cancer Institute designation and support for efforts to achieve Comprehensive Cancer Center designation; and
- Continued local control for the management of colleges.

## **TAXATION / LEGISLATIVE FISCAL AUTHORITY**

The Chamber supports a balanced, predictable and reasonable approach to state tax policy to provide a positive and competitive business climate. The Chamber recognizes the value and necessity for adequate state funds to provide essential government services that our businesses and citizens rely upon such as transportation, education, access to health care and mental health services, public safety and quality of life offerings.

The Chamber supports legislation to require out-of-state Internet retailers to collect and remit sales tax on sales to Kansas residents, such legislation and implementing regulations to include reasonable threshold exemptions and otherwise be consistent with the guidelines set forth in the U.S. Supreme Court’s ruling in *South Dakota v. Wayfair*.

The Chamber encourages a careful evaluation of the impact of the Tax Cuts and Jobs Act (TCJA) passed by Congress in December 2017 on Kansas taxpayers, both individuals and businesses, before making material adjustments in state tax policy.

The Chamber does, however, support:

- Reinstating the income tax expensing deduction for non-corporate businesses for the costs of placing certain tangible property and computer software into service in Kansas. Repeal of this deduction was included in the 2012 state tax changes as part of what is commonly referred to as the “LLC exemption.” However, when the LLC exemption was subsequently repealed in 2017, reinstating income tax liability

for those non-corporate businesses, this deduction was inadvertently not also reinstated; and

- Allowing individual taxpayers to elect to itemize deductions on their state tax income tax returns even if they elect to take the standard deduction on their federal income tax returns.

The Chamber supports using a portion of tax revenues received from new sources (e.g.; sports gaming and Internet sales tax) to implement a reasonable “buy down” of the state sales tax rate on food.

The Chamber opposes (i) tax policy changes and unfunded mandates that simply shift the tax burden to other areas of state government or to other levels of government, (ii) tax policies that redistribute locally raised sales tax revenues without local control to the state or other local jurisdictions, and (iii) the use of “sweeps” to move funds from “dedicated funds” to the state general fund to be used for other than their intended purpose.

The Chamber opposes any change in tax law that would apply a sales tax on professional or personal services thereby negatively impacting our competitiveness with neighboring states. Any comprehensive review of tax exemptions should include careful consideration of the economic development and employment consequences of eliminating such exemptions as well as establishment of criteria for the granting of exemptions that takes into account those instances in which products and services that governmental agencies would be required to provide if not available through exempt organizations.

The Chamber believes the responsibility to appropriate funds lies with the democratically elected legislature and strongly opposes efforts to limit that authority. The Chamber opposes:

- All constitutional amendments, public referendums, or statutes such as TABOR or TABOR-like initiatives that restrict legislative authority to make decisions regarding taxing or spending;
- Sending legislative spending or tax initiatives to a public vote, automatic tax refunds or other artificial limits on the budget process; and
- Requiring a supermajority vote by state or local governing bodies to approve tax increases.

The Chamber opposes tax, revenue and/or spending lids on state and local government, including any constitutional amendments, public referendums or statutes that restrict legislative authority to make decisions regarding state and local taxing or spending. The Chamber supports the repeal of the requirement for a public vote to approve certain property tax increases proposed by local governments. At a minimum, consideration should be given to (a) replacing the mandatory election requirement under current law with a protest petition process, and (b) additional exemptions for the use of property tax revenues, including exemptions for the costs to cities and counties relative to employer contributions for certain employee benefits, providing mental health services and for construction and/or maintenance of infrastructure within the taxing jurisdiction.

## **TRANSPORTATION**

The speed, reliability, capacity and overall effectiveness of the state’s transportation systems are crucial for job creation, economic development, and business retention and expansion throughout Kansas. Kansas businesses and communities have long trusted in the completion of the state’s comprehensive transportation plans (CTPs) to guide them in making important supportive policy and infrastructure investments. Confidence in the state’s transportation planning can only be sustained by taking measures to ensure that funding for our

*(continued on the next page)*

transportation programs will only be used for transportation purposes.

On a statewide basis, the Chamber supports:

- Ending the practice of diverting or sweeping funds from the Kansas Highway Fund;
- Protecting existing transportation funding sources;
- Enacting a reasonable fuels tax increase to provide additional protected revenue dedicated to the Kansas Highway Fund;
- Preserving the Kansas practice of long-term, multi-year CTPs developed through a combination of KDOT technical analysis of transportation needs and local partner consultations, and focused on meeting our state's safety, economic development and quality of life priorities;
- Examining and adopting innovative funding mechanisms, including a broader transportation funding and delivery role for tolling and the Kansas Turnpike Authority, and alternative project delivery methods that support large-scale, regional transportation network investments;
- Supporting creation and implementation of a comprehensive, strategic plan for the integrated freight policies and improvements necessary to help to position Johnson County and the State of Kansas as national and global freight and logistics leaders;
- Maintaining transportation funding from state to local governments for local transportation infrastructure needs;
- Increasing state investment for public transportation to support local and regional options for serving workforce transportation needs, including public/private partnerships for getting people to and from work and school, as well as a means for access to healthcare and other basic services; and
- Requiring economic development, job creation, and local financial support to be factors in establishing project priorities.

The Chamber supports continuing the use of qualifications-based selection (QBS) for procuring professional design services for the engineering and construction of transportation infrastructure.

On a regional basis, the Chamber supports the completion of those projects scheduled under T-Works:

- The improvement and widening of US-69 between I-435 and 167th Street;
- The I-435 and US-69 interchange improvements;
- The Johnson County Gateway (I-35/I-435/K-10 interchange), including funding for the Gateway Phase 3; and
- The I-35 and 75th Street interchange improvements.

## ECONOMIC DEVELOPMENT

Strong state economic development tools are vital for local business recruitment and retention. The Chamber supports the prompt nomination and confirmation of an experienced, well-qualified Secretary of Commerce and adequate investment in the Department, including professional staffing, needed to compete globally and facilitate economic growth and workforce development in Kansas.

The Chamber strongly encourages lawmakers to support, protect and enhance proven economic development and workforce development programs that are critical tools used to stimulate employment and leverage private investment that provide stability and predictability and require accountability. The Chamber supports maintaining the PEAK and HPIP programs, Angel Investor tax credits and STAR bonds. We oppose efforts to dilute the effectiveness of such programs including proposals to sunset them, impose moratoriums on their use or subject them to the annual appropriations process.

Additionally, the Chamber strongly encourages the Legislature to:

- Identify, study and implement policies and programs that encourage and enhance the retention of graduates from Kansas institutions of higher learning to address the needs of a qualified workforce, especially in the areas of health care, engineering and technology;
- Support the authorization of saleable or refundable tax credits to improve our competitive position with other states' incentive programs;
- Continue to improve accessibility of front-loaded key incentives (preferably cash) in competitive economic development projects as it relates to negotiating for jobs and investment to level the playing field with surrounding states;
- Fully fund the Job Creation Program Fund;
- Support policies that promote fair competition and do not create undue regulatory burdens on business;
- Support elective, market-based, phased-in option for companies to use single sales factor formula of tax apportionment.
- Carefully consider the impact on business and potential conflict with federal law relating to any proposed legislation in the context of religious liberty and discriminatory activity.
- Support policies that promote the commercialization programs at Regents' research institutions.

## DECENNIAL CENSUS

The Chamber supports adequate state resources that are dedicated for the planning and implementation of the 2020 Census which ensures accurate representation for federal programs and representation in Washington.

## IMPORTANT PRIORITIES

**Other legislative objectives the Chamber will endorse and monitor during the 2019 Kansas session:**

### BIOSCIENCE INITIATIVES

Life, plant and animal science programs lead to additional jobs and revenue for the state and the Chamber supports legislation to expand these programs. The Chamber:

- Supports public policies to improve the competitive position of Kansas in the life sciences industry; and
- Opposes burdensome state standards on stem cell or other bioscience research that go beyond federal restrictions that would weaken the Kansas Economic Growth Act.

### JUDICIAL SELECTION

A fair and impartial judicial system is important to maintaining a stable and prosperous business climate. Justice for busi-

nesses and individuals is more likely attained when judges are able to perform their role based on constitutional principles and the rule of law, free from the influence of political and financial pressure from special interests.

For these reasons, the Chamber supports a non-partisan merit system for selection of judges, including the process for selection of Supreme Court justices in its current, basic form as well as periodic retention elections to ensure a reasonable level of accountability, and opposes all efforts to impose partisan judicial elections for trial or appellate court judges. The Chamber also opposes policy efforts designed to undermine judicial independence, including lowering the mandatory retirement age for judges.

*(continued on the next page)*

## ENERGY AND ENVIRONMENT

The Chamber encourages investments in energy reliability and efficiency and supports policies that balance public health and environmental protections without unreasonable economic burdens on industry/business. Further, the Chamber supports policies that would encourage electric price stability and allow Kansas businesses to have regionally competitive rates.

To ensure clean energy availability to meet future demands, the Chamber:

- Supports choice in energy use, including alternative, domestic and renewable energy resources that are considered economical and environmentally friendly, without shifting costs between customers.
- Supports policies for the continued maintenance, improvement and safe expansion and development of energy infrastructure, including transmission systems to deliver energy to the Kansas City region and other high demand areas.
- Supports energy and environmental regulations based on sound, measurable, and defensible scientific data in an economically pragmatic manner that will not create unnecessary implementation and regulatory compliance costs.

## HEALTH CARE

The health care costs of low income uninsured individuals are currently being passed on to businesses and others in the system. As part of a comprehensive and thorough review, the Chamber supports Kansas solutions that improve the quality and efficiency of the current KanCare/Medicaid system while expanding coverage to those eligible under federal law and associated regulations.

The Chamber supports policies and funding for the proper maintenance and operation of the state's mental health services and facilities, including the regaining of federal certification of the Osawatomie State Hospital.

The Chamber generally opposes health care benefit mandates and provider mandates that are in excess of mandates required by federal law.

## HOUSING

New home construction and home remodeling projects are economic drivers that create jobs and increase the property tax

base to support local schools and communities. The Chamber supports policies that maintain a healthy housing industry allowing residents access to high quality and affordable homes. The Chamber:

- Opposes any changes in state tax policy that adversely impact homeownership, and supports the reauthorization of the state mortgage interest and property tax deductions and maintaining the low-income housing tax credit;
- Supports reinstatement of the Homestead Property Tax Refund for Renters, or a program similar thereto, that deemed 15% of rent paid by certain renters being treated as payment of property tax and allowed those renters to claim a homestead property tax refund based on that payment;
- Supports a regulatory environment for home building that is simple, certain and efficient; and
- Supports initiatives to support the use of green building technology in residential construction but not the mandated use of specific guidelines.

The Chamber supports and encourages cooperation between state and local government in exploring policies and implementing programs, including public/private partnerships, that would improve the availability of an appropriate mix, supply and varied pricing of housing to attract, retain and better meet the needs and demands of our current and future workforce.

## IMMIGRATION

The Chamber supports a balanced immigration policy created and enforced at the federal level. The Chamber opposes state action that creates additional costly or time-consuming mandates for employers or that imposes unreasonable penalties on employers who unintentionally hire undocumented workers.

## WORKERS' COMPENSATION

The Chamber supports protecting the integrity and affordability of the workers' compensation system so it fairly provides for employees legitimately injured while performing job duties without increasing employer costs. The Chamber supports identifying and using appropriate guidelines that incorporate current medical science and procedures for evaluating permanent impairment in workers' compensation cases.

# STANDING PRIORITIES

The Chamber's standing policies, which may or may not come up during any given legislative session, are:

### SUPPORT the following:

- Maintaining the Kansas Earned Income Tax Credit.
- Modification or repeal of the collateral source rule to continue and enhance the reform of the legal process and lower litigation costs.
- Reforming the definition of corporate unitary income tax liability so as not to penalize a corporation locating further facilities or personnel in Kansas.
- Current sales tax situs law on motor vehicles.
- Current laws regarding exemptions to the Kansas Open Records Act.
- Monitoring of government spending and redirection of money saved as a result of increased effectiveness and efficiencies to programs in need of additional funding.
- Regulatory framework producing consistent and predictable application of state policies, procedures and regulations.
- Periodic update of the Kansas Corporation Code to remain competitive with neighboring states.
- Maximizing state funding for Medicaid home and community-based waivers for vulnerable populations to enhance our quality of life and help lower business costs.
- Cooperation among school districts and local units of government to improve efficiencies where feasible and fiscally prudent to do so, including policies and programs that provide reason-

able incentives that promote such cooperation and remove legislative barriers that impede any such action.

- The right for local units of government, schools and institutions of higher education, and businesses to regulate the carrying of firearms (open or concealed) on their premises.
- Appropriate investments in the "safety net" – programs and policies designed to care for and protect the vulnerable in our community – to help prevent higher business costs in the future and create a healthier, better educated, and more highly skilled workforce.
- Appropriate fund balance in the Employment Security Trust Fund to maintain its solvency, while balancing the cost to employers and reducing the unpredictability and volatility of employer contributions.

### OPPOSE the following:

- More restrictions to current statutes governing a city's ability to annex unincorporated land with the county's approval.
- Any constitutional amendment that would bar the use of eminent domain or efforts to further restrict local municipalities' ability to use eminent domain to address blight or economic development opportunities.
- Increases in corporate income tax rates.
- State-mandated binding arbitration in employment disputes.
- Artificial limits on appraised valuation growth.
- Initiative and referendum.