Approved: February 16, 2004
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 a.m. on January 23, 2004 in Room 123-S of the Capitol.

All members were present except:
Senator Pete Brungardt- excused
Senator Susan Wagle- excused

Committee staff present:
Kathie Sparks, Legislative Research
Susan Kanarr, Legislative Research
Helen Pedigo, Revisor of Statutes
Nikki Kraus, Committee Secretary

Conferees appearing before the committee:
David Kerr, President, SBC Kansas City External Affairs
Kenneth Daniel, Chairman and C.E.O., Midway Sales & Distributing, Inc.; State Chairman, NFIB Leadership Council
Natalie Bright, Wichita Independent Business Association

Others attending:
See Attached List.

Mr. David Kerr provided the committee with information regarding Kansas telecom taxes, and Kansas' tax position relative to other states in the region. (Attachment 1) Among the states of TX, KS, AR, OK, MO, IL, WI, MI, IN, CT, OH, CA, and NV, Kansas ranks second in SBC total telco tax per access line, third in SBC telcos 2002 customer paid taxes per access line, and first in SBC telcos 2002 company paid taxes per access line.

Mr. Ken Daniel presented information from, "the perspective of a small business owner and advocate" regarding taxes in Kansas. (Attachment 2) He stated that in his opinion, taxes and bureaucracy are the most serious impediments to Kansas economic growth. He suggested the Legislature improve the business climate through elimination destination sourcing, paying Kansas retailers for serving as collection agents through a sales tax collection fee, rolling back the franchise tax to .1%, increasing the small claims court limit from its present $1,800 limit to $5,000, adopting the "Regulatory Flexibility Act", and generally taking a "global viewpoint instead of trying to make Kansas small-business friendly with targeted laws."

Ms. Natalie Bright provided and explained a survey of members of the Wichita Independent Business Association regarding taxes in the state. (Attachment 3) In summation, the membership was against higher taxes, favored legislative changes to reduce the cost of workers' compensation, and preferred issues such as health insurance to be governed at the state level as opposed to the Federal.

Following committee discussion, Chairperson Brownlee thanked the speakers and adjourned the meeting at 9:30 a.m. The next meeting will be at 8:30 a.m. on January 23, 2004 in Room 123-S of the Capitol.

Senate Commerce Committee
Guest List

Date: January 23, 2004

Stephanie Buchanan	DOB
Kimbra Caywood	Kearney & Assoc.
KEN DANIEL	MIDWAY WHOLESALE/NFIB
J.P. SMALL	KOCH INDUSTRIES, INC.
Don Schnacke	KIOGA
Joe Lawson	Post Audit
Sean Tomb	Kansas Inc.
Ron Seeber	Hein Law Firm
Nina Funk	[illegible]
Marlee Carpenter	Kansas Chamber
Ed Cross	KIOGA

Testimony

The Senate Commerce Committee

By David Kerr

President – SBC Kansas External Affairs

January 23, 2004

Sen Commerce
01/23/04
Attach #1

Senate Commerce
01/23/04
Attach #

Senate Commerce
01/23/04
Attach #1

Kansas Telecom Taxes

(does not include Fed taxes)

1-2

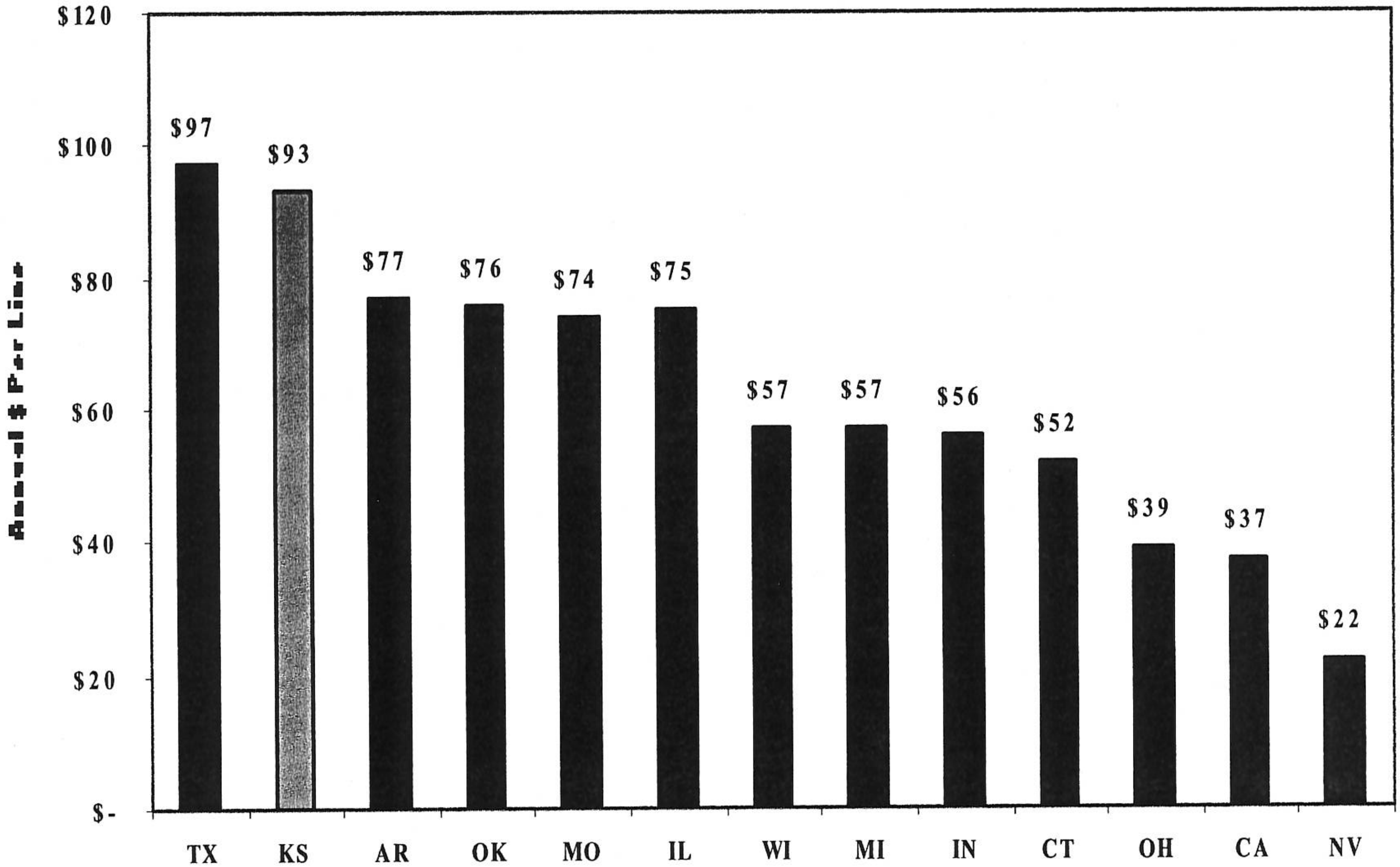
- **Company Paid Taxes** (approx. 40%)
  - State Income taxes
  - State Employer payroll
  - State and Local Sales tax on equip purchases
  - Property taxes
  - State Franchise tax
- **Customer Paid Taxes** (approx. 60%)
  - State and Local Sales Taxes
  - County 911 fees
  - Local ROW fees
  - KS USF
  - PUC fee

Kansas Telecom Taxes

1-3

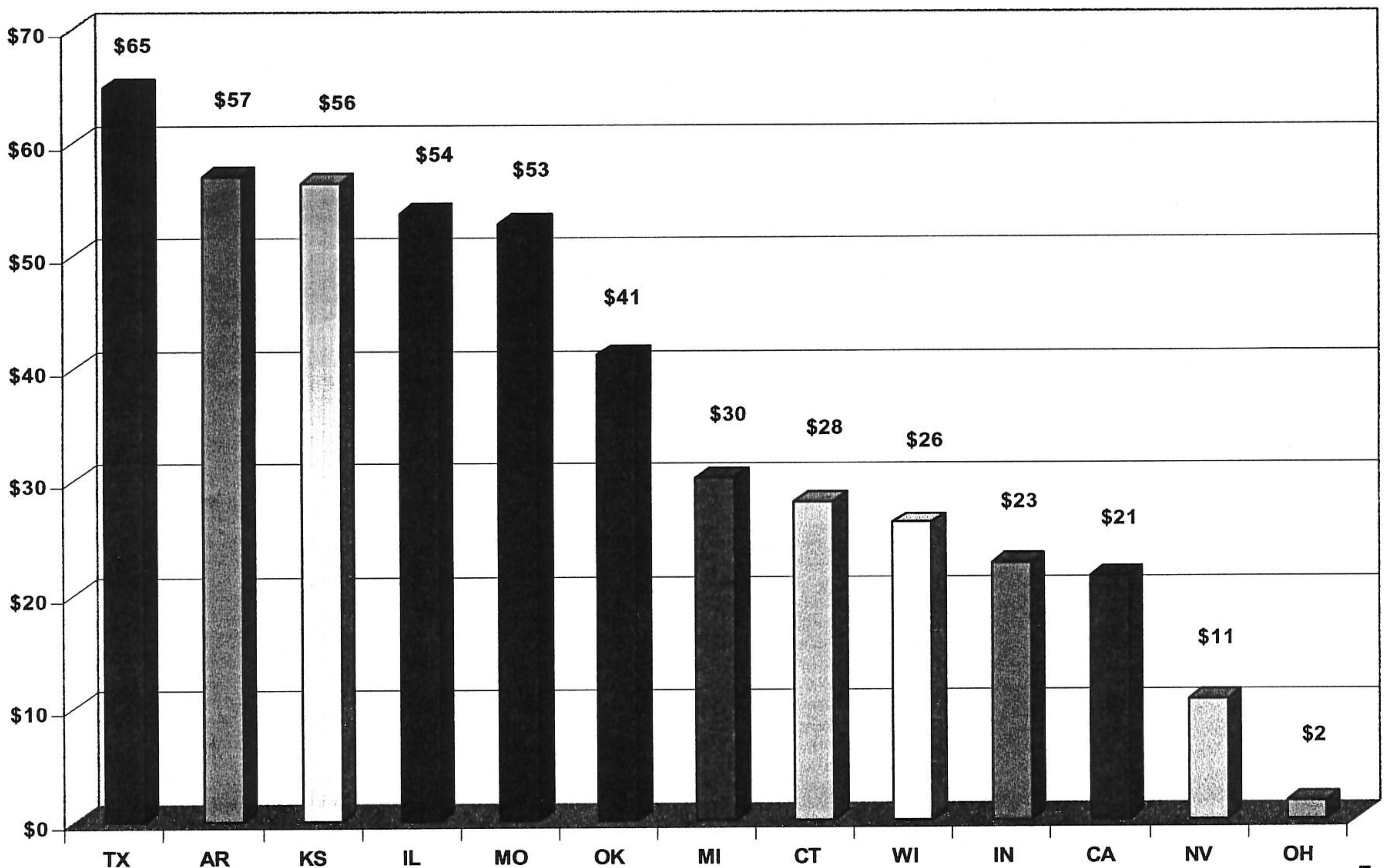
- The best way to compare states for telecom is to break down taxes on a per access line bases -- apple to apple comparison.
- Kansas is second only to Texas with the highest "total" taxes per access line -- $93/line ($130.9 million)
- Kansas leads all SBC states with the highest "**company**" paid taxes per access line -- $37/line - tied with Ohio. ($53.5 million)
- Kansas has the third highest "**customer**" paid taxes per access line in SBC's states -- $56/line. ($77.4 million)

Kansas is #2
SBC Total Telco Tax Per Access Line



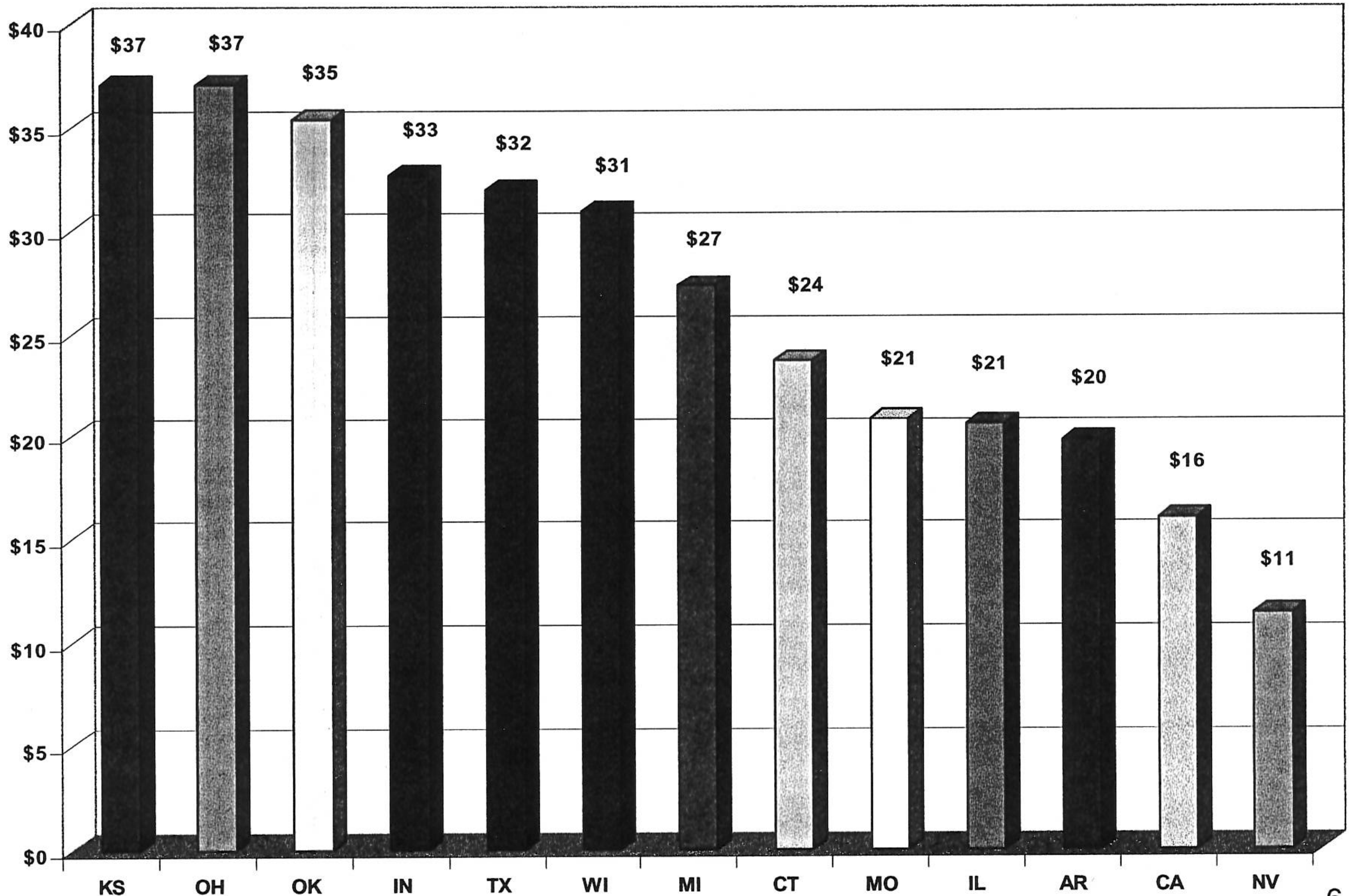
1-4

Kansas is #3
SBC Telcos 2002 Customer Paid Taxes Per Access Line



1-5

Kansas is #1
SBC Telcos 2002 Company Paid Taxes Per Access Line



1-6

Presentation to the Senate Commerce Committee
January 23, 2004

By Kenneth Daniel
Chairman and C.E.O., Midway Sales & Distributing, Inc. d/b/a Midway Wholesale
State Chairman, NFIB Leadership Council

Madam Chairwoman and Members of the Committee:

My name is Kenneth Daniel. I am the Founder, Chairman and C.E.O. of Midway Wholesale, a building materials distributor headquartered in Topeka with branches in Salina, Manhattan, Lawrence, Elwood/St. Joseph, Kansas City, and Wichita. I am also in my third year as State Chairman of NFIB/Kansas.

My comments on economic growth and business climate will be from the perspective of a small business owner and advocate.

IMPEDIMENTS TO KANSAS ECONOMIC GROWTH

In my opinion, taxes and bureaucracy are the most serious impediments to Kansas Economic Growth.

Taxes. Attached is Chapter 4 from the 2004 Guide to Kansas Small Business Issues (available at **www.KsSmallBiz.com**), which is a summary of business taxes in Kansas compared to five surrounding states—Missouri, Nebraska, Iowa, Colorado, and Oklahoma.

To summarize the summary:

Tax:	Rank in 6	KS vs. Avg. of Other 5
Individual Income Taxes	3rd	8.1% higher
Corporate Income Taxes	3rd	9.7% higher
Sales Tax Rates	2nd	19.7% higher
Commercial Real Estate Tax Rates	2nd	34.0% higher
Bus. Mach & Equipment, 5-year	1st	69.1% higher
Bus. Mach & Equipment, 10-year	2nd	45.2% higher
Unemployment Taxes	3rd	26.7% higher
Gasoline Taxes	2nd	21.6% higher
Diesel Fuel Taxes	1st	35.1% higher
Franchise Tax Rates	1st	588% higher

Sales taxes are problematic from a competitive standpoint because nearly 40% of our population resides in the counties that touch Missouri and Oklahoma, both of which have lower sales tax rates.

Senate Commerce
01/23/04
Attach #2

Businesses also pay sales taxes. In 2001, my business paid $1,274 per employee in sales and use taxes. State and local increases in 2002 raised this by $133 per employee. The new local use taxes in 2003 will raise it again by about $90. Another 4/10 cent increase would cost us another $66 per employee, bringing the total to $1,563 per employee per year.

Fuel taxes are even more of a problem. Compared to Missouri and Oklahoma, our gasoline taxes are eight cents higher and diesel taxes are ten cents and thirteen cents higher, respectively.

Property tax rates for business are also problematic, especially those on business machinery and equipment.

The Kansas franchise tax is targeted at small businesses. The smallest 97.5% of Kansas limited liability entities pay this tax on 100% of their net worth. The Kansas rate is the 7th highest in the U.S.

Before 1995, the various taxes on vehicles in Kansas were a huge burden on the state economy. Through a series of changes, the Legislature reduced this burden to about half of what it was previously. The exception is non-motor carrier vehicles licensed at 20,000 pounds or more, which are still taxed at 30% of their value for property tax purposes.

Bureaucracy. It is my opinion that Kansas was making strides in this area in recent years. The Legislature and the Department of Revenue, through the "Taxpayer Fairness Act", did away with many abuses.

The "destination sourcing" requirements of the Streamlined Sales Tax Project, however, will add a huge and enduring red-tape burden on many Kansas businesses. It is estimated that 25-30% of Kansas retailers affected, which is 25,000 to 30,000 businesses. My business is one of the most affected. We are in full compliance and have been since September. We spent about $50,000 to convert, train our people, and collect this data in 2003. It will cost us an estimated $10,000 to $20,000 this year. For us, the effort this requires is comparable to that of complying with OSHA or D.O.T. regulations. It is more burdensome than complying with the income tax laws.

WHAT CAN THE KANSAS LEGISLATURE DO TO IMPROVE THE BUSINESS CLIMATE?

I'll attempt to stick with what seems possible.

Destination Sourcing: It is the effort to squeeze every last penny of revenue out of the SSTP that necessitates the extreme burden on Kansas retailers. It may actually cost more to collect the last 10% or 20% of those new revenues than they bring in. Simplify destination sourcing for Kansas retailers and keep them competitive with all those other states that have far fewer jurisdictions.

Sales Tax Collection Fee: Get in step with surrounding states by paying Kansas retailers for serving as collection agents. If necessary to get this passed, require that retailers file electronically to be eligible.

Franchise Tax: Roll the rate back to .1%.

Increase Small Claims Court Limit: Raise the limit to $5000 from its present $1800. The present limit prices many small businesses out of their chance for legal remedies.

Adopt the "Regulatory Flexibility Act", an initiative by the American Legislative Exchange Council to improve state rulemaking for small businesses.

In General: For small business issues, it would be very helpful if legislators would take a global viewpoint instead of trying to make Kansas small-business friendly with targeted laws. In other words, nurture Kansas small business as a whole and let entrepreneurship flourish on its own. It will never be possible for the Legislature to get it right for 245,000 small businesses.

Of the 25 biggest corporations in the U.S., 19 of them were either small businesses or did not exist in 1960. Our best chance for a new Fortune 500 here is to grow our own.

About 50% of new businesses make it to their 4th birthday. Another 17% close successfully. Only 33% close under circumstances that the owners consider unsuccessful. This belies the old adage that "90% don't make it".

Kansas can do much better when it comes to providing a climate for startups.

Kansas Employer Firm Births (SBA Office of Advocacy)

1990	**6716**	
1995	**7600**	
1996	**6693**	
1997	**7243**	
1998	**7758**	
1999	**5755**	
2000	**6483**	**46th in U.S.**
2001	**7026**	
2002	**6703**	**41st in U.S.**

Thank you. If there is time, I would be happy to answer any questions.

Kenneth Daniel
785-232-4590 x205
kdaniel@midwaywholesale.com

CHAPTER 4: KANSAS TAXES IN GENERAL

From fiscal 1998 to fiscal 2002, corporate income taxes mostly paid by big business, plunged by 67%[38]. Farm proprietors' income plunged 76%[39]. But non-farm proprietors' income grew by 32%[40].

In general, Kansas taxes on small business are the highest in the region.

The following information summarizes information that will be examined in much greater detail in later portions of this guide.

Individual income tax rates[41]: Kansas is 8.1% above the average for the other five states in the region, but all others allow deductions that Kansas doesn't. The top rates in the region are:

OK 7.00%, NE 6.68%, **KS 6.45%**, MO 6.00%, IOWA* 5.84%, CO 4.63%

*Iowa's top rate is 8.98%, but it allows full deduction of federal income taxes, which lowers the maximum effective rate to 5.837% according to Small Business Survival Committee calculations.

Corporate income tax rates[42]: Kansas is 9.7% above the average for the other five states in the region. The effective top corporate tax rates in the region are:

IA 9.9%, NB 7.81%, **KS 7.35%**, OK 6.00%, MO 5.156%, CO 4.63%

State sales tax rates[43]: Kansas is 19.7% above the average for the other five states in the region.

NE 5.50%, **KS 5.30%**, IA 5.00%, OK 4.50%, MO 4.23%, CO 2.90%

Commercial real estate tax rates[44]: Kansas is 34.0% above the average effective rates for the other five states in the region.

IA 2.76%, **KS 2.67%**, MO 2.20%, CO 2.17%, NE 1.78%, OK 1.05%

Property taxes, business machinery and equipment—5-year asset life[45]: Kansas is 69.1% above the average for the other five states in the region.

KS 2.51%, CO 2.35%, MO 2.01%, NE 1.84%, OK 1.22%, IA 0.00%

Property taxes, business machinery and equipment—10-year asset life[46]: Kansas is 45.2% above the average for the other five states in the region.

CO 2.61%, **KS 2.21%**, MO 1.85%, NE 1.79%, OK 1.36%, IA 0.00%

Unemployment taxes[47]: In 2002 (latest available), Kansas rates were 8.4% lower than the average for the other five states in the region. Disregarding Iowa, Kansas was 26.7% higher than the average for the other four states.

IA 4.84%, OK 2.02%, **KS 1.96%**, MO 1.42%, CO 1.42%, NE 1.33%

Gasoline taxes[48]: Kansas is 21.6% higher than the average for the other five states. Gasoline taxes including all add-ons in cents per gallon:

NE 25.50, **KS 25.00**, CO 22.00, IA 21.30, MO17.00, OK 17.00

Diesel fuel taxes[49]: Kansas is 35.1% higher than the average for the other five states. Diesel fuel taxes including all add-ons in cents per gallon:

KS 27.00, NE 24.90, IA 23.50, CO 20.50, MO 17.00, OK 14.00

Franchise taxes[50]: Kansas is 588% higher than the average for the other five states. Franchise taxes per $1000 of net worth in the region are:

KS $2.00, OK $1.25, MO $.33, NE $.12, CO $.00, IA $.00

Case Study: New Kansas Taxes and One Small Business
By Kenneth Daniel
Updated December 31, 2002

Midway Wholesale of Topeka is one of those types of businesses coveted by state economic development authorities. As a distribution business, it sells and ships significant quantities of goods to out-of-state businesses. Its presence in Kansas limits what out-of-state competitors sell or ship to Kansas, keeping jobs, taxes, and contributions in Kansas. Midway now has three or four manufacturing jobs, those coveted most of all by economic development officials. And, it is a multi-state company headquartered in Kansas—it has a branch in Missouri and owns controlling interest in a company in Arkansas.

The following statistics do not take income taxes into consideration at all—not the income taxes paid by the company, nor by the stockholders, nor by the employees. They only take into consideration the taxes that have to be paid whether the company makes a profit or not.

Disregarding income taxes, in 2001 Midway paid at least $265,410 in state and local taxes in Kansas--$3,666 for each of the 72.4 full-time equivalent Kansas employees it had on average during the year. The "at least" refers to the fact that many miscellaneous taxes, fees and hidden taxes were missed in compiling this information.

In addition, Midway paid $3,798 to the federal government per Kansas employee for federal payroll and fuel taxes, bringing the total taxes per employee to at least $7,464 per year.

The per-employee state and local taxes paid in Kansas in 2001 break down as follows:

Property taxes	$1,436
Sales & use taxes including those on utilities	$1,274
Utililities taxes other than sales taxes	$ 398
Fuel taxes	$ 344
State unemployment tax	$ 180
Franchise tax	$ 35
Total	$3,666

The total taxes on utilities—communications, natural gas, electricity, trash, and water—totaled a surprising $666 per employee per year not including federal taxes.

Although the line between what is state and what is local is blurry in some cases, the approximate state portion was $1500 per employee and the local portion was approximately $2165.

Had the new taxes that went into effect in 2002 been in effect in 2001, another $210 per employee in state and local taxes would have been paid. This does not include increases in property taxes:

New Topeka .25% sales tax	$ 32.43
State of Kansas .40% sales tax increase	$ 53.88
State of Kansas .40% use tax increase	$ 10.08
Sales tax increase on utilities	$ 22.10
Sales tax increase on software	$ 14.92
Fuel tax increase—3 cents per gallon total	$ 49.16
Savings from higher P.P. threshold	-$ 7.25
Franchise tax increase	$ 34.53
Total	$209.85

The tax load on Kansas small businesses is much higher than that in surrounding states. It makes it difficult for Kansas businesses to sell in those states, and it makes it easier for companies in those states to sell in Kansas. Small business, unlike big business and agriculture, continues to grow and contribute far more than its share of the tax revenues. Much effort needs to be given to helping Kansas small businesses be more competitive instead of continuing to load on even more taxes.

-- END --

(Kenneth Daniel is the publisher of KSSmallBiz.com. He is C.E.O. of Midway Wholesale of Topeka, a small business he founded in 1970, and is the volunteer Chairman of NFIB Kansas, the largest business association in Kansas, www.nfib.com.)

Word Count: 579

CORPORATION FRANCHISE TAXES (AND OTHER NET WORTH TAXES)
October, 2003

State	***Highest Rate (per $1000)***	***Maximum Tax***	***Comments***
West Virginia	$7.00	No maximum	In addition, has license tax of $.15 to $.40 per $1000.
Pennsylvania	$6.99	No maximum	Phasing down to zero in 2010
Louisiana	$3.00	No maximum	$1.50 on first $300,000 of net worth
Mississippi	$2.50	No maximum	
Tennessee	$2.50	No maximum	TN has no personal income tax.
Kentucky	$2.10	No maximum	"Corporation License Tax"
Kansas	$2.00	$5,000	
New York	$1.78	$350,000	Alternatives reduce rate for most businesses
Alabama	$1.75	$15,000	Must have $2.5 million in taxable income to pay max. rate
North Carolina	$1.50	No maximum	
Oklahoma	$1.25	$20,000	
Georgia	$1.00	$5,000	Rates go down to $.02 for bigger businesses.
Illinois	$1.00	$1,000,000	
South Carolina	$1.00	No maximum	
Missouri	$0.33	No maximum	No tax on first $1,000,000 in net worth
Arkansas	$0.27	$1,075,000	
Delaware	$0.20	$150,000	
Wyoming	$0.20	No maximum	
Nebraska	$0.12	$11,995	

States With A Net Worth Alternative Calculation in Their Income Tax:

Ohio	$4.00	$150,000	Alternate income tax calculation–not a separate tax.
Connecticut	$3.10	No maximum	Alternative calculation for income tax.
Massachusetts	$2.60	No maximum	Alternative income tax calculation–not a separate tax.
Texas	$2.50	No maximum	Plus tax on earnings, all in lieu of corp. income taxes
Rhode Island	$0.25	No maximum	Capital Stock Tax–alternative to income tax

States with No Net Worth Taxes:

Alaska	None	
Arizona	None	
California	None	Their "franchise tax" is their income tax.
Colorado	None	
Florida	None	
Hawaii	None	
Idaho	None	
Indiana	None	
Iowa	None	
Maine	None	
Maryland	None	
Michigan	None	
Minnesota	None	
Montana	None	
Nevada	None	
New Hampshire	None	
New Jersey	None	
New Mexico	None	Has a flat $50 "franchise tax" which is only a filing fee.
North Dakota	None	
Oregon	None	
South Dakota	None	
Utah	None	
Vermont	None	
Virginia	None	
Washington	None	
Wisconsin	None	Their "franchise tax" is just an income tax.

SBA OFFICE OF ADVOCACY

have been a goal. While this type of business may not grow into a huge engine for the economy, it provides a great opportunity for learning. At the other end of the spectrum are businesses that secure a lot of capital at the entry phase, implement the "business plan," then close, either selling or ceasing operations before losses pile up. In the middle are businesses that need some capital but do not obtain enough at the entry phase; these are the ones that struggle. Having previously owned a business allows one to acquire skills, make connections, and develop reasonable expectations that can result in success. This picture of entrepreneurship shows that starting small, planning for success, learning from previous mistakes, and being persistent yields successful results.

Operating a retail trade business was the prime factor among businesses that were unsuccessful at closure, followed by owners with high school diplomas or less and individuals that started firms for personal reasons. Considering that the survival rate for retail trade was also quite low, positive business outcomes with this industry seem limited.[12] Not having a high school education may limit employment prospects, and these individuals may become self-employed as a last resort, because of poor prospects elsewhere. Personal reasons might be from the owners of these businesses, as discussed in the closure section, enjoying the lifestyle and being more likely to hold onto the business until it completely fails.

Given these results, it seems clear that contrary to what was hypothesized, variables leading to survival do not necessarily correspond with whether an owner perceived the business as successful at closure. A possible explanation is that survival may be a result of self-selection. Businesses whose strategy is to grow tend to continue growing, while businesses entered into for the lifestyle have less at stake and are easier to exit.

As a last exercise, a model using a broad definition of success – encompassing survivors and those closing successfully – was created. This model combined positive outcomes to see if this definition would differ from the more traditional definition equating success with survival. Many of the lifestyle traits leading to success at closing (starting without capital, being home-based, etc.) were not factors in this broader definition of business success. The two largest factors leading to business survival, being an employer and having $50,000 or more in start-up capital, were also the two largest factors leading to business survival plus closing successfully.

4. Future research opportunities

Business survival rates were shown here to be higher than commonly believed, however this inquiry only considered employer firms. Annual data from the U.S. Census Bureau on non-employer businesses recently became available but only two year's worth of data is currently available. Once an adequate longitudinal series is available, microdata of non-employers can be matched over time, and entry and exit rates for all new firms can be calculated.

Business status at closure for about one-third of businesses was successful but it is not known if closure was a planned event. If certain kinds of closings are the final step in a preplanned strategy – growing to a certain size and selling out, closing after the ending of a contract, closing for retirement, and so forth – then knowing the survival rate of new firms might come to have less value than knowing the success rate.

Another interesting research direction would go beyond start-up factors to focus on the managerial decisions that affect business outcome. Such decisions might include adjusting the original business plan after start-up by switching product mix, end users, production processes, or financing plans. This inquiry could test whether inefficient firms tend to be less successful or if a more random process is at work.

5. Conclusion

This paper analyzed business survival and the success status of closed businesses. As shown in Figure 1, BITS showed that about half of new businesses remained open for a reasonable time period and the CBO showed that about a third of all closed businesses closed while successful. Contrary to what is commonly believed, not all closures are failures. Only one-third of new businesses (33 percent) closed under circumstances that owners considered unsuccessful.

2-9

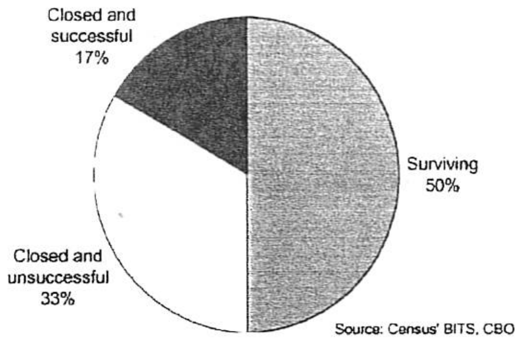


Figure 1. Business success (percent of new employer firms after four years).

The factors leading to survival were similar to those found in other studies. Size and such resource indicators as having employees, a good amount of starting capital, and an educated owner correlated with survival. However, the factors that led to closing, such as being young and having no start-up capital, were also prevalent among businesses that were successful at closing. So even if a firm may fit a profile of a likely business casualty, the owner(s) did not seem to see the firm's brief life span as a negative business outcome. This leads to the conclusion that there are few traits that lead to a true business failure or to a business that closes unsuccessfully. These results suggest that potential entrepreneurs, particularly those planning very small ventures, have less to fear than what is commonly believed. Their prospects of survival are reasonable, and if they close, their prospects for being successful at closure are reasonable.

Acknowledgments

The research in this article was conducted at the Center for Economic Studies of the U.S. Census Bureau (and was screened to ensure that no confidential data are revealed) while the author was employed by the Office of Advocacy, U.S. Small Business Administration. Comments and suggestions from Al Nucci of the U.S. Census Bureau, Rick Boden of the University of Toledo, Rebecca Krafft of the Office of Advocacy, and an anonymous referee were greatly appreciated and substantially improved the quality of this paper. Findings expressed are those of the author and do not necessarily reflect the views of the U.S. Small Business Administration or the U.S. Census Bureau. For information about the Center for Economic Studies, go to www.ces.census.gov.

Appendix – CBO data issues

To test non-response bias for employers (employers were known from CBO's parent data source, the Standard Statistical Establishment List or SSEL), BITS was used to determine whether the firm began between 1989 and 1992 and if it remained open in 1996.[13] This matching shown in Table III below clearly demonstrates that the unreturned surveys were more likely to be firms that closed.[14] Robb (forthcoming) found similar response bias using the CBO and Holmes and Schmitz (1996b) also recognized problems with the microdata. Therefore, evaluating the CBO for survival rates without considering the non-response bias could produce erroneous results.

There were several data issues:

- The CBO consists of a firm and owner database. The firm database was used here except for a few owner variables (previous ownership, age, education, and reasons for starting). These exceptions were matched to the firm data and the owner with the greater experience or resources was used.

TABLE III
New firm survival rates by data source (percentages)

	CBO Responding employers 1992–1996	CBO Non-responding employers 1992–1996	BITS Employers 1989–1998
Still open after 2 yrs.	95.3	64.1	66.0
4 yrs.	75.4	45.0	49.6
6 yrs.	–	–	39.5

Notes: The CBO excludes C corporations; BITS figures exclude farms and firms starting with multi-establishments (a relatively rare occurrence). BITS survival rates per start year differed by a percent or two.

2-10

Wichita Independent Business Association

THE VOICE OF INDEPENDENT BUSINESS

Informational Testimony

January 23, 2004

Testimony Provided to Senate Committee on Commerce

By Natalie Bright, Governmental Consultant

Chairman Brownlee and Members of the Committee,

Thank you for the opportunity to provide you informational testimony on the recent survey results of the members of the Wichita Independent Business Association (WIBA) and Kansas Organization for Private Enterprise (KOPE). Each year we survey our members prior to the start of the legislative session and ask for their opinions on various business related issues we anticipate the Kansas Legislature will consider in the upcoming Session. Attached are the results of our survey issued in December 2003.

WIBA is a Wichita based business association comprised of over 1,300 business members while KOPE, whose membership is just over 400, is a subsidiary established to meet the needs of independent businesses through out Kansas. Collectively, WIBA and KOPE represent over 21,000 jobs in the State of Kansas.

Senate Commerce
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Attach #3

415 S. Main Street / Wichita, KS 67202-3719
316-267-8987 / 1-800-279-WIBA / FAX 316-267-8964 / E-mail: information@wiba.org / Web Site: www.wiba.org

Wichita Independent Business Association (WIBA)
Kansas Organization for Private Enterprise (KOPE)
2004 Kansas Legislative Issue Survey

864 Surveys sent out and 268 returned for a return rate of 31%

Voting your legislative issues ballot is extremely important, as your vote will tell Kansas lawmakers exactly where the business community stands on the issues that most directly impact your livelihood. Your lawmakers will listen, so exercise your right by voting this ballot today. If you need more space to write your comments, please do not hesitate to add a second sheet with your response. **Additional information on some of these questions can be found on our web site at - www.wiba.org/Survey Info**

1. What do you think is the biggest challenge facing your business today? ______________________________

____

2. Should legislation be enacted to transfer enforcement of the Federal Occupation Safety and Health Act (OSHA) from the federal agency to a new state agency established within the Kansas Department of Human Resources and paid for partially by Kansas businesses? **Yes – 12% No – 79% & Undecided – 9%**

3. Should taxes be raised in order to provide additional revenue to K12 education? **Yes – 9% No – 85% & 6%**

4. Should taxes be raised in order to provide additional revenue to higher education? **Yes 6% No 85% & 9%**

5. Should state funding for K-12 education be held harmless from budget cuts in future state budgets, which would mean funding for K-12 schools could not be reduced to help balance the state budget? **Yes17% No 79% & 3%**

6. Are your workers compensation expenses increasing? **Yes 29% No 41% & 30%** If yes, please complete # 7.

7. What percentage has your Workers' Compensation premiums increased in the past year? **Average 14%**

8. Do you want to see work comp legislative changes that will reduce your bottom-line costs? **Yes 59% No 17% & 24%**

9. Do you favor or oppose proposals to offer tax breaks to help reduce health insurance costs? **Favor 62% Oppose 15% & 23%**

10. Do you prefer the Federal or State Government regulate your health insurance? **Federal 12% State 59% & 29%**

11. Do you favor collection of sales tax for goods purchased via the Internet or catalogues? **Favor 49% Oppose 50% & 1%**

12. Are you familiar with the Streamline Sales Tax Project? **Yes 83% No 17%** If yes, do you support its implementation in Kansas? **Yes 15% No 62% & 23%**

13. What might the Kansas Legislature do to assist you in growing your business? ______________________

____

14. Do you support maintaining the current level of funding for the 1999 Comprehensive Transportation plan, even if it requires a tax increase? **Yes 26% No 64% & 10%**

15. The Kansas Legislature has taken funds dedicated to the transportation plan and diverted it to fund other state commitments in these tough budget times. Do you support such action? **Yes 35% No 58% & 7%**

Why or Why not?

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ι do you think is the biggest challenge facing your business today?

Getting and keeping trained workforce in the construction industry. We need continuing education legislation to help this. (2)

Internet competition.
Consumers (individuals, businesses and local governmental units) not purchasing from state owned businesses.

The cost of government; unemployment insurance, workers comp, health insurance, etc.; burdensome rules and regulations (12)

Maintaining a profitable business in the face of increasing regulations and taxation.

Cost of doing business...Health insurance as a percent of income, cost and paperwork for liability insurance, workers comp, and sales tax. Ridiculous HIPPA rules and paperwork for no value whatsoever!

Being informed about all the different tax and non tax issues, laws, regulations & opportunities that are available or required.

Increasing our sales levels. We have been hit by decreases in general advertising spending, and by an industry wide reduction of construction activity for new gas station/c-store properties. We have struggled to make up sales in other areas.

BANKRUPTCY LAWS NEED ADDRESSED. I AGREE THERE SHOULD BE NO DEBTORS PRISON, BUT A BANKRUPT PERSON AND OR BUSINESS SHOULD PAY A PORTION OF THOSE DEBTS THE REMAINDER OF THERE LIVES. AMAZING HOW QUICK THESE WOULD DWINDLE.

The uncertain tax, fiscal, and regulatory climate in Kansas is a continuing concern as a number of new burdens may soon be placed on businesses in this state.

The number of hours I spend working on administrative tasks that are not billed to clients.

The high cost of doing business in Kansas. (33)

Increased govt. regulation (31)

Government policies that change and overall government intrusion into business

The economy and Health Insurance Costs (6)

Trying to comply with reporting sales tax collected based upon the destination of the goods or services rather than where the actual sale is consummated.

t might the Kansas Legislature do to assist you in growing your business?

Create a business friendly environment in Kansas ... eliminate targeted taxes, excessive franchise fees, etc. ... We need to create an environment in Kansas that encourages businesses to expand or relocate in Kansas, thus expanding the economy and spreading the tax burden

Reduce taxes. (35)

Quit increasing my overhead, then let me re-invest in this state.

Impose legislation that would allow businesses in Kansas to compete with our neighboring states by supporting small businesses and not giving away the farm to large corporate companies based in other states.

Cut spending. (31)

Eliminate the automatic tax hikes coming from un-elected appraisers, unindexed income taxes, and judicial edicts from Shawnee County district judges. Make the administrative judges in unemployment and workers compensation follow the law.

CHANGE THE CURRENT LOW BID PURCHASING TO BEST VALUE PURCHASING

Compensate business for collecting sales tax - Reduce paperwork - Reduce taxes

Provide a good economy by lowering taxes

Roll back the franchise tax increase, eliminate the custom software services sales tax, delay and simplify the SSTP, pay us for collecting sales taxes, increase the small claims court limit to $5000.

Work comp is a killer. We can't afford health insurance for our employees. Somehow rein in the insurance industry.

I FEEL IT IS MOST IMPORTANT TO WORK WITHIN A BALANCED BUDGET. (7)

Need to use whatever funds are available to do the most critical items. Other things need to be put on hold. (Just like ordinary, responsible people do to balance their budget.)

Businesses cannot plan if government keeps changing directions.