

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 a.m. on January 21, 2004 in Room 241-N of the Capitol.

All members were present. Representative Dale Swenson, Absent

Committee staff present:

Jerry Ann Donaldson, Legislative Research Department  
Norm Furse, Revisor of Statutes  
Rena Jefferies, Revisor of Statutes  
June Evans, Committee Secretary

Conferees appearing before the committee: Lew Ebert, President, Kansas Chamber of Commerce and Industry

Others attending:

See Attached List.

The Chairman called the meeting to order and commented on the different committee room for this year and the increased seating capacity.

Lew Ebert, President, Kansas Chamber of Commerce and Industry, gave a briefing regarding the Kansas Chamber's Annual Competitive Index. Kansas is located at the crossroads of America. Kansas has good roads, the 4<sup>th</sup> largest number of public roads in the country and third in the number of bridges. The U. S. Highway system traverses the state east to west and north to south. The comprehensive transportation program of 1999 is the largest public works program in the state's history. Kansas has the reputation for good work ethics and workforce development efforts will help prepare the state for growth. Kansas has a good educational system.

Kansas is losing population while other states are getting the big economic development wins, i.e., Mississippi and other southern states. The three Kansas cities that led the nation in net job loss were Lawrence, Topeka and Wichita.

The winning states have attacked spiraling health care costs, increasing workers compensation expenses, unfriendly unemployment compensation formulas, high costs of litigation and have created a business friendly tax climate.

Site Selection Magazine 2003 ranked Kansas 25<sup>th</sup> overall. Kansas did not make the top half of the rankings last year. Kansas ranked 36<sup>th</sup> in the Tax Foundation's State Business Tax Climate Index.

The small business survival index ranked Kansas 32<sup>nd</sup> overall, 35<sup>th</sup> in capital gains tax rate, 26<sup>th</sup> in state and local property taxes, 25<sup>th</sup> in unemployment tax rate, 22<sup>nd</sup> in health care costs, 20<sup>th</sup> in workers compensation costs, 22<sup>nd</sup> in electric utility costs and 45<sup>th</sup> in the number of bureaucrats (government employees).

The U. S. Chamber Harris Survey moved Kansas from 4<sup>th</sup> to 15<sup>th</sup> in the legal climate in the past year. Since that study 21 states have enacted some sort of tort reform. Kansas has solid damage caps but more can be done.

Kansas was given 3 out of 5 possible stars in health grades. In Business Health Care Costs Kansas ranks as average.

Public opinion polling showed the economy could be improved by a 35% job creation with higher pay, control spending 16%, cut taxes 13% and stop exporting 6% of jobs.

In talking to over 1500 business men and women, health care, workers compensation, unemployment compensation, tort reform and taxes were the top issues that concerned them.

The Kansas Chamber Legislative Agenda to address the growth deficit is health care, workers

CONTINUATION SHEET

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compensation, unemployment compensation, litigation expenses and tax issues (Attachment 1).

States are in competition. The “two decade plus” survey of the tax and business climate literature looks at the bigger picture. As states change their tax positions, in relation to other states, those states that “lower their relative tax burdens” and become “lower taxing bodies” appear to be the top winners over the past 25 years. Kansas needs to be aware of its position, relative to the other states, and take the necessary steps to make sure that it strives to become “above average.” Only then can Kansas expect to win the battle for more jobs and other measures of economic growth (Attachment 2).

The Kansas Chamber will be sending copies of all studies.

The meeting adjourned at 10:05 a.m. The next meeting will be January 22.