

April 29, 2015

The Honorable Sam Brownback
Governor, State of Kansas

The Honorable Anthony Hensley
Minority Leader, Kansas Senate

The Honorable Susan Wagle
President, Kansas Senate

The Honorable Jene Vickrey
Majority Leader, Kansas House of Representatives

The Honorable Ray Merrick
Speaker, Kansas House of Representatives

The Honorable Tom Burroughs
Minority Leader, Kansas House of Representatives

The Honorable Terry Bruce
Majority Leader, Kansas Senate

The business leaders we represent from across Kansas are all too aware of the daunting challenges you face when you return to Topeka in May. We thank you in advance for your service and dedication to the people of the State of Kansas and we appreciate your work thus far during this session on such issues as Unemployment Insurance reform, legislation that more fairly allocates the costs of providing income security to eligible workers as they transition between jobs, while ensuring rates for employers are stable and predictable and the State's unemployment insurance fund stays reasonably solvent. We are eager to see you apply that same type of even-handed approach as you forge a resolution to the budget.

Kansas businesses continue to be concerned about the State's widening budget deficits and deeper and deeper cuts to important programs that matter to honest hard-working Kansans. We want to live, work and prosper in a State with excellent schools, good highways and quality of life. These things matter to us not just because we want to enjoy them ourselves but because we want others to be drawn to Kansas as a great place to live and do business.

Some contend Kansas businesses will only be satisfied once they are no longer asked to pay income taxes. The business community in Kansas is not a monolithic block, though. We want to remind you that there is another very *real* voice of business in Kansas that supports a multi-faceted approach. The signatories to this letter represent the voices of well over 10,000 businesses across the State in all sectors and all regions. Our members range from sole proprietorships to large publicly-traded companies, some of Kansas' largest employers. We are more than just taxable entities. We are members of our communities. We are parents and coaches. We serve on non-profit boards and PTOs. We are patrons of the arts. None of us *wants* to pay higher taxes, least of all hard-working business owners trying to meet payroll and turn their entrepreneurial energy into something of value. Responsible business people understand, though, that tax dollars fairly assessed and properly expended are an investment in the kind of State we want for ourselves, our customers, our employees and our children.

Over the next several weeks, you will face what may be some of the most difficult decisions of your careers. By all means, continue to seek-out and eliminate inefficiencies in state government. This is the same way we would run our businesses and you have our support in that endeavor. You will come to a point, though, if you haven't already, where you will have to choose between sacrificing vital government activities and considering ways to raise revenue. When that point comes, please do not assume all Kansas businesses expect or want you to achieve solvency in the State's budget only by cutting spending. Know that many of us hope you will find a more-balanced approach and will support your efforts to do so.

The solution will likely consist not of a single stroke but a package of varied ideas for further streamlining government and collecting additional revenue. As you assemble that package, we encourage you to seek out long-term structural solutions, rather than short-term fixes, so our state does not soon return to this painful juncture. We know there are no simple answers so we offer none. What we do offer is an earnest desire to be engaged in a thoughtful balanced discussion with you about this most important of issues.

Within the context of that primary message, we would draw your focus to these specific issues:

- *Local Control.* The legislature is considering a number of measures which bear upon the larger question of which level of government ought to decide certain topics. Some bills would dictate when and how municipalities can hold their own elections. Still another would require any public building commission to hold an expensive public election before incurring bonded indebtedness, even if no citizen had protested the bonds in the first place. We believe government usually works best when it is closest to the governed. As far as is feasible, these kinds of decisions ought to be left in the hands of the local officials who are most directly accountable for them, rather than to state or federal officials.
- *T-Works Funding.* Years ago, this State demonstrated its commitment to developing an excellent highway system. The legislature's persistent reliance on sweeping funds from the Department of Transportation to make ends meet in the state general fund seems to us to be unsustainable over the long term. This year, for the first time, the Secretary of Transportation has acknowledged these "withdrawals from the Bank of KDOT" will impact the Department's ability to continue road maintenance projects without delay; this is not to mention the many unscheduled highway projects that have already been put on hold. We urge you to keep in mind how important a well-maintained highway system is to Kansas' ability to grow and attract business.
- *Economic Development.* We strongly encourage you to support, protect and enhance proven economic development and workforce development programs that are critical tools used to stimulate employment and leverage private investment including the PEAK and HPIP programs.

- *K-12 School Finance.* The state has a constitutional duty to finance high-quality public education. Since 1993, that has been accomplished through a school funding formula designed to cover the cost of a basic education for all students while equalizing the quality of public education across the state, reducing reliance on property taxes for public education, and giving local districts the option of providing amenities through the local option budget. The recently passed Block Grant for K-12 education demonstrates a different way to fund public education as a new solution to a funding formula is sought.
- *Excellence in all Levels of Education.* Our experience has been that the availability of a well-educated workforce is always at or near the top of a prospective employer's list of priorities in deciding whether to locate here in Kansas; frankly, it is far more important to them than the income tax rate. Thus, providing quality K-12 education and excellence in higher education from our universities, community colleges and technical colleges is more than an obligation we owe future generations. It is among our most potent economic development tools. We urge you to take this perspective into account as you consider how best to fund education at all levels in Kansas.

Our members can tell you the single most important step the State could take to help them succeed is to provide a stable, sustainable economic environment. Our businesses and those considering Kansas as a future home are much more interested in the predictability of our government than in the particular rates at which they will be taxed – so long as those rates are reasonable and fair. We are all ultimately most interested in creating a State where the quality of life distinguishes Kansas as an ideal place for businesses and families to grow and prosper. We stand ready to work with you as we all try to bring that vision into reality.

Sincerely,

Salina Area Chamber of Commerce - Don L. Weiser, President/CEO
 Overland Park Chamber of Commerce – Tracey Osborne, CCE, President
 Emporia Area Chamber of Commerce – Jeanine McKenna, IOM, President & CEO
 Greater Topeka Chamber of Commerce – Curtis Sneden, Interim President & CEO
 Greater Kansas City Chamber of Commerce – James A. Heeter, President & CEO
 Northeast Johnson County Chamber of Commerce - Deb Settle, President & CEO
 The Chamber of Lawrence – Larry K. McElwain, President/CEO
 Ottawa Area Chamber of Commerce - John C. Coen – President/CEO
 Garden City Area Chamber of Commerce – Steve Dyer, President
 Shawnee Chamber of Commerce – Linda Leeper, IOM, President / CEO
 Hutchinson/Reno County Chamber of Commerce - Jason M. Ball, CECd, MBA, President & CEO
 Manhattan Area Chamber of Commerce – Lyle Butler, President / CEO
 Gardner Edgerton Chamber of Commerce - Jason E Camis, President & CEO
 DeSoto Chamber of Commerce - Sara Ritter, Executive Director
 Pittsburg Area Chamber of Commerce – Blake Benson, CCE, President