

2023 LEGISLATIVE PLATFORM



WORKING
TOGETHER
FOR THE
COMMON
GOOD
OF KANSAS



Western Kansas Rural Economic Development Alliance

WKREDA 2023 LEGISLATIVE POSITIONS

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Given the resources to realize their POTENTIAL, small Kansas communities have the key to open the door to economic development through business growth and sustainability, employment, population stability, and improved quality of life. The combined effects of stronger communities ensure a stronger Kansas.



PRIORITIZE FUNDING FOR FRAMEWORK FOR GROWTH

The Issue

Professional economic developers working at the local, regional, and state levels are the best resources to grow the Kansas economy. The partnership that exists between local, regional, and state groups relies on programs that are adequately funded to spur economic activity. The Framework for Growth identifies strategies to improve economic development programs that will increase the likelihood of new jobs, investment, and start-up activities.

The Problem

The Kansas Department of Commerce, with input from many economic development professionals, completed the Framework for Growth (FFG), which outlines recommendations for programs to grow the Kansas economy. State resources must be available to invest in program recommendations.

The Solution

The Legislature should consider funding priorities within the FFG so communities can build economic development programs that result in better outcomes for jobs, investment, and opportunities.



SUPPORT FOR NETWORK KANSAS

The Issue

NetWork Kansas supports the economic needs of entrepreneurs throughout the WKREDA region. One of the mechanisms utilized by NetWork Kansas to support these efforts is the Kansas Entrepreneurship Tax Credit, which is utilized to raise money for program support and two funding partnerships: StartUp Kansas and the Entrepreneurship (E-) Community Partnership. StartUp Kansas and E-Communities provide matching loans for startups and expansions of existing businesses in rural communities across Kansas. NetWork Kansas also provides matching loans and investments to businesses in the WKREDA region through GrowKS, Kansas Community Impact Fund (KCIF), Kansas Healthy Food Initiative (KHFI), Restart Kansas, and Empower.

- More than \$113.7 million in additional capital was leveraged with these projects
- Hosted Youth Entrepreneurship Challenge (YEC) competitions in 27 communities engaging more than 652 middle and high school students
- Partnered with the Dane G. Hansen Foundation to fund YEC in all of NW Kansas through a grant to NetWork Kansas
- Launched “Empower,” a no-match, minority-owned business loan fund in Ford and Seward Counties
- Partnered with the Patterson Family Foundation to offer a loan/grant mix for E-Community Funding
- Launched “GrowKS” that provides both gap financing and equity options for entrepreneurship funding

WKREDA Region Impact – as of 10/31/22

- Provided more than \$15.7 million in matching loans to 390 businesses that created and/or retained 2,678+ jobs
- 80% of the funded businesses are in communities of 10,000 or fewer with startups comprising 40% of the businesses receiving funding
- 29 WKREDA communities have achieved E-Community standing

The Problem

Most economic development opportunities in the WKREDA region stem from entrepreneurs willing to invest in rural Kansas. NetWork Kansas programs provide financing not available through traditional methods to move entrepreneurial ventures from ideas to reality.

The Solution

Continue to support NetWork Kansas and its Kansas Entrepreneurship Tax Credit Program.



THE CHALLENGE OF AFFORDABLE, QUALITY CHILDCARE

The Issue

Affordable, quality childcare is essential for sustained economic development. Young families want to move to the WKREDA region, but many are unable to do so because of a lack of affordable, reliable childcare services. The lack of quality childcare creates a chronic problem for employers as it prevents them from maintaining or expanding their workforce. The lack of access to affordable quality childcare is preventing the repopulation of rural counties and has created a tremendous obstacle to economic development in these counties.

The Solution

The Legislature should pursue a legislative post-audit of Kansas childcare regulations in comparison to surrounding states. The current childcare licensing regulations and processes should be evaluated with an eye on changes to ensure childcare and early learning opportunities in Kansas are not hampered by an outdated regulatory environment. The Legislature, KDHE, and the Executive Branch should work collaboratively to ensure Kansas is forward-thinking in its approach to childcare and early learning.

The Problem

The regulatory process for licensed childcare centers has become overly burdensome and needlessly complex. Nearly every community in Kansas is now experiencing a moderate to severe shortage in childcare availability



Bright Minds Academy, Hays



TAXATION OF EXEMPT PROPERTIES

The Issue

Many communities have opportunities to repurpose tax-exempt property for economic development such as housing, daycare, and/or additional retail space. Current taxation policies are written in a way that a tax assessor should collect ad valorem property taxes on the entirety of the property if any portion of the facility is used for a non-exempt purpose. In many cases this taxation policy is a deterrent to developers wishing to make use of the abandoned property and limits a community's ability to make use of existing facilities.

The Problem

Kansas communities have access to exempted properties such as community buildings, churches, recreation centers, fire stations, school buildings, and other city-owned facilities.

Occasionally, existing exempted properties are abandoned for various reasons. In many cases, these abandoned facilities have the potential to support local economic development by repurposing usable space that is not currently generating tax revenue.

The prohibition to growth lies with the existing statute under KSA 79-201a, which requires any portion of an exempt facility used for a non-exempt purpose be taxed on the entirety of the property. Many communities and/or developers do not have the budget to support the large tax obligation.

Empty buildings that are not generating revenue are a detriment to a community's bottom line, requiring resources and budgets to maintain these facilities. When a community plans to rehabilitate and use a formerly exempt property to help economic development, under the existing statute KSA 79-201a, a property is either exempt or nonexempt based on the facility's use. If a community wants to rehabilitate a portion of an abandoned property for either apartments, daycare or retail space, it must pay ad valorem taxes on the entirety of the property, even if the community only intended to use 10% of the property. Unless the community is willing to bear the entirety of the ad valorem taxes, the project dies and the building continues to sit vacant, under-utilized, and potentially condemned, ultimately costing the community even more money.

The Solution

One potential solution is to amend the taxation policy to allow for the proportionate exemption of ad valorem taxes on existing exempt properties. In the example above, if only 10% of an exempt building is utilized for a commercial purpose, 90% would remain exempt. This is one solution to incentivize repurposing abandoned buildings that were formerly exempted and creating tax revenue where none previously existed.

SUPPORT FOR RURAL BROADBAND ACCESS

The Issue

The need for reliable, high-speed connectivity is an essential tool for rural development. With companies and individuals increasingly adopting remote working opportunities for continued operation, the necessity for robust broadband infrastructure across the state is now greater than ever.

Recent FCC data suggests that while 97% of Americans in urban areas have access to high-speed fixed service, that number falls to 65% in rural areas. In Kansas, estimates show that nearly 20% of the population cannot access internet with speeds in excess of 25 Mbps x 3 Mbps (FCC guidelines), although households frequently require a minimum of 50 Mbps to accommodate the number of connected devices and streaming services.

High-speed broadband is crucial to education, healthcare, job creation, economic opportunity, and civic engagement. Connectivity is, therefore,

one of the most critical factors considered by companies choosing to locate to or remain in a community. The importance of reliable, fixed service currently ranks among energy costs, ease of doing business, taxes, labor costs, education levels, availability of water, and workforce during the site-selection evaluation process.

The Problem

Service carriers frequently advertise speeds to consider a community as broadband-served but are often unable to deliver such service. Despite significant investments in this area, some Kansas communities remain either unserved or under-served following the new investment.

The Solution

Recognize that all rural Kansas communities require high-quality broadband services and investment of resources from outside those areas will be necessary to achieve this goal.



GBTA Fiber, Rush Center



KANSAS PHARMACY BENEFIT MANAGERS REFORM

The Issue

Kansans are paying more than ever for prescriptions and prescription insurance. Additionally, rural communities risk losing their local pharmacies due to anticompetitive behavior, subpar reimbursement, and patient steering practices.

The Problem

Middlemen called Pharmacy Benefit Managers (PBMs) control the prescription marketplace in the United States. In Kansas, these companies do business without any oversight. As a result, PBMs operate in the shadows and provide little transparency into net cost of pharmacy care. Additionally, the vast majority of prescription claims are processed through only three large corporations. This monopolization has resulted in a host of anticompetitive

practices that reduce patient access to care and put community pharmacies at risk.

The Solution

WKREDA supports proposed legislation in Kansas allowing for oversight of PBMs to be assigned to the Kansas Department of Insurance. This legislation would require PBMs to report net costs of prescription services to patients and plan sponsors (usually employers). This would ensure that patients and employers are armed with the necessary information to make educated decisions about their healthcare and healthcare plans. It also creates protections for a free marketplace and fosters strong small pharmacy businesses in Kansas. These measures include pricing parity for all pharmacies.



Midwest Family Health - Phillipsburg

SPUR KANSAS GROWTH ACT

The Issue

Rural areas need additional tools to spur new job creation and business expansion. Previously, sales tax exemptions were a part of the former Enterprise Zone program for construction and expansion of businesses in our smallest rural communities. When Enterprise Zones were abolished, a significant incentive related to sales tax for new business construction or expansion of existing businesses also disappeared. Now, for

many rural projects, the only opportunity for sales tax exemption on construction or expansion is through the issuance of Industrial Revenue Bonds (IRBs), and IRBs are not appropriate for all projects.

The Problem

Rural communities have limited opportunities to access current incentive programs and have lost the competitive edge necessary to incentivize industrial manufacturing, agriculture, healthcare, and retail ventures in their counties.





The Solution

Reinstate the sales tax exemption part of the original Enterprise Zone legislation. Reimplementing only the sales tax portion of Enterprise Zones would be less costly to the state and would also be much simpler for the state to administer than the original Enterprise Zone program.

The project sales tax exemption on construction materials will incent investment in rural communities statewide and will spur reinvestment in downtown properties as well as manufacturing, agriculture, healthcare, and retail ventures.

We recommend that a new bill be introduced, one that is simplified and only addresses the sales tax piece of the original Enterprise Zone legislation.

Because these sales tax collections are unrealized if projects are not built, this incentive is not a loss to the State General Fund. Additionally, if projects are completed, it would be a net positive for state income because the state will recoup a significantly higher amount of funds over the life of the business and infrastructure investment through local property and other sales taxes.



Great Plains Manufacturing, Ellsworth

SUPPORT FOR THE HISTORIC REHABILITATION AND COMMUNITY SERVICE TAX CREDITS

The Issue

In most rural areas, older buildings—from downtowns to residential neighborhoods—comprise the bulk of the structural framework and a significant portion of assessed valuations.

Because rural communities often do not have the market rents or sales volumes to support new developments, the state's historic rehabilitation

tax credit provides a critical boost to new investment in buildings and infrastructure already in place. Historic rehabilitation projects create new jobs, attract new businesses, create new housing opportunities, draw visitors and tourists, and demonstrate a community's pride in its history and heritage.

Since 1994, the Community Service Tax Credit Program (CSP) has enabled Kansas not-for-profit entities to access





tax credits to fund vital projects related to health, community development, crime prevention, youth apprenticeship, and youth technical training.

Since CSP's creation, WKREDA counties have utilized the program to raise more than \$50 million to improve hospital facilities and equipment; build rural health clinics; develop community housing, wellness facilities, and childcare centers; and enhance arts and culture facilities.

The Problem

Future reallocation of State funds may threaten to reduce or eliminate critical funding that spurs reinvestment into local communities.

The Solution

The Historic Rehabilitation Tax Credit and Community Service Tax Credit program must be maintained at its current level to ensure that Kansas communities can continue to revitalize their historic downtowns and neighborhoods and creatively reuse other significant buildings, such as schools and hospitals.



Heaton Building, Norton



Something Blue - Hays



Senior Housing, Scott City

OTHER AREAS OF CONCERN

Strengthening People and Revitalizing Kansas (SPARK)

WKREDA encourages the SPARK committees to keep rural Kansas at the forefront as they work on the distribution of American Rescue Plan Act Funds.

State Agency Support for Economic Development

WKREDA supports adequate funding to all agencies that impact community and economic development including, but not limited to, the Kansas Department of Commerce, Office of Rural Prosperity, and Kansas Department of Health & Environment.

WKREDA also seeks support from the Legislature in finding a solution to restoring service from the SBDC in western Kansas. SBDC resources on which many of our communities rely are incredibly important to small businesses and entrepreneurs.

Transportation Funding

Transportation is particularly important to central and western Kansas given our agricultural products and processing industries. We literally feed the world and need safe, reliable access to domestic and international markets. We need a strong transportation backbone

for our economy, quality of life and the safety of our citizens. We strongly support and call on KDOT to continue to make safety improvements and expand our highway and rail network within the context of a long-term vision. The IKE program with its rolling 2-year plan is ideal for balancing shorter term needs as longer-term corridor plans are developed and constructed.

Funding for transportation must be maintained and presented with the recognition that transportation accessibility in central and western Kansas is vital to the economic growth in the region. We support a freight and corridor study to develop longer-term corridor plans so that rural Kansas can track changes in our freight and passenger traffic and understand the triggers that signal various highway improvements.

New and Emerging Markets Opportunities

WKREDA supports further development of specialty crops and associated processing that would add to the diversity of the agricultural industry by creating additional industry and jobs in Kansas.



Housing

Moderate income housing is vital for economic development, yet it is difficult to achieve since most federal housing programs serve a lower income bracket; and market supply is limited due to high development costs, low appraisals, tight lending conditions, and a lack of investor interest. Industries and retail businesses considering expansion indicate lack of such housing is one of the biggest obstacles to hiring.

WKREDA supports continued funding for housing programs such as the Moderate Income Housing Program at the FY 2023 level as it has a proven track record of working in our communities. WKREDA also supports the exploration of potential housing solutions identified in the Statewide Housing Study and the resources needed to achieve those solutions.





Garden City Downtown

Cheyenne	Rawlins	Decatur	Norton	Phillips	Smith	Jewell	Repub- lic	Wash- ington	Mar- shall	Nema- ha	Brown	Doni- phan
Sherman	Thomas	Sheri- dan	Graham	Rooks	Osborne	Mitchell	Cloud	Clay	Pottawa- tomie	Jack- son	Jefferson	Atchi- son
Wallace	Logan	Gove	Trego	Ellis	Russell	Lincoln	Ottawa	Riley	Geary	Wabaun- see	Shaw- nee	Douglas
Greeley	Wichi- ta	Scott	Lane	Ness	Rush	Barton	Saline	Dickin- son	Morris	Osage	Frank- lin	Miami
Hamilton	Kearney	Finney	Hodge- man	Pawnee	Ed- wards	Stafford	Rice	McPherson	Marion	Chase	Coffey	Anderson
Stan- ton	Grant	Hask- ell	Gray	Ford	Kiowa	Pratt	Reno	Harvey	Green- wood	Wood- son	Allen	Bour- bon
Mor- ton	Stevens	Seward	Meade	Clark	Co- manche	Barber	Harper	Sedgwick	Butler	Elk	Wilson	Neesha
								Sumner	Cowley	Chau- tauqua	Mont- gomery	La- bette
												Craw- ford
												Cher- okee

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