KANSAS CHAMBER FOUNDATION

2025

KANSAS COMPETITIVENESS UPDATE

AN EYE TOWARD OPPORTUNITY

Building a More Economically Competitive Kansas

ECONOMIC LEADERSHIP

Research support for this update was provided by Ted Abernathy and the team from Economic Leadership in early 2025, with input and support from the Kansas Chamber Foundation.

An Eye Toward Opportunity

Building a More Economically Competitive Kansas

2025 Update

The Kansas Chamber Foundation is committed to continuous improvement of the state's economy. When we ask our members, we hear that they love Kansas but believe that we can and should do more to improve our state's economic competitiveness. This strategic action agenda provides a blueprint and set of priorities to help us reach that goal.

The Kansas Chamber Foundation is a non-profit educational foundation whose purpose is to support programs, research, educational opportunities and other initiatives that encourage and enhance our free enterprise system, the Kansas business community and the Kansas economy.

We start with an updated assessment of the state's current economic reality. What are our strengths and weaknesses and where does opportunity lie? How are changes in our state going to alter the way our economy works, and our businesses compete? What will be the impact on our citizens?

Next, we determine what we believe are the most pressing issues and what we want for our state in the future. We know that resources are limited, and choices are difficult. The final step is to identify and then implement specific actions to move Kansas from where it is to where we

want to be. Successful strategic action agendas are realistic, future-focused, actionable, appropriately resourced, and regularly updated.

Five years ago, during the pandemic-induced recession, the Kansas Chamber Foundation began this strategic effort to improve Kansas's overall economic competitiveness. The first plan

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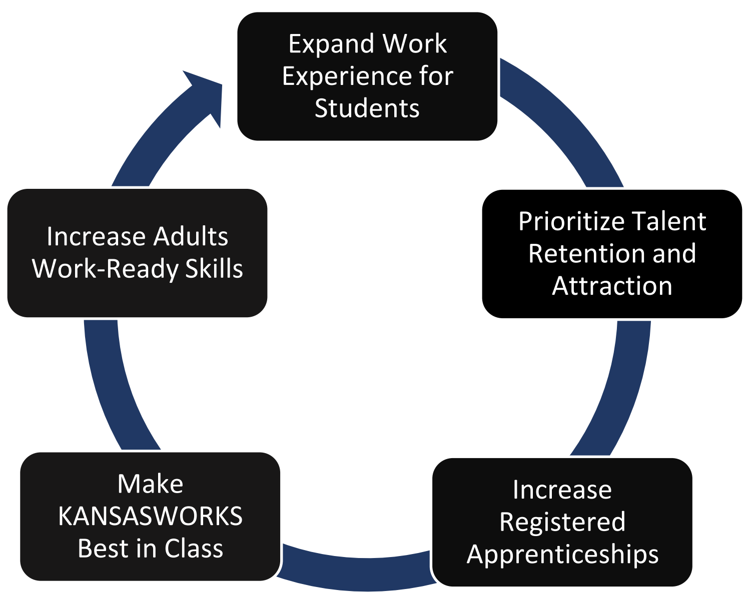
addressed the most pressing issue, workforce. Based on research and broad stakeholder input, that report, ***The Challenge to Compete-Kansas Workforce 2020*** concluded the following.

- Without new efforts, projections show that Kansas's available workforce will not grow over the next decade
- Businesses have significant trouble finding workers with the skills they need
- There are alternate paths to career and individual economic success other than a four-year college degree
- Business must increase involvement in schools
- Education and training institutions need to become more nimble
- Educators and parents need a better understanding of workplace realities and career options in Kansas
- To address workforce quantity, Kansas must focus on retaining its young people and the graduates of in-state colleges and universities, and also target former residents and young workers in nearby Midwestern cities to come home, and
- Across the country, competitor states and regions have developed many programs that work.

The report went on to make 20 specific recommendations in five broad areas.

- Prioritize talent rentention and expansion
- Make KANSASWORKS a best in class program
- Expand work experience for students
- Increase adults' work-ready skills
- Increase registered apprnticeships



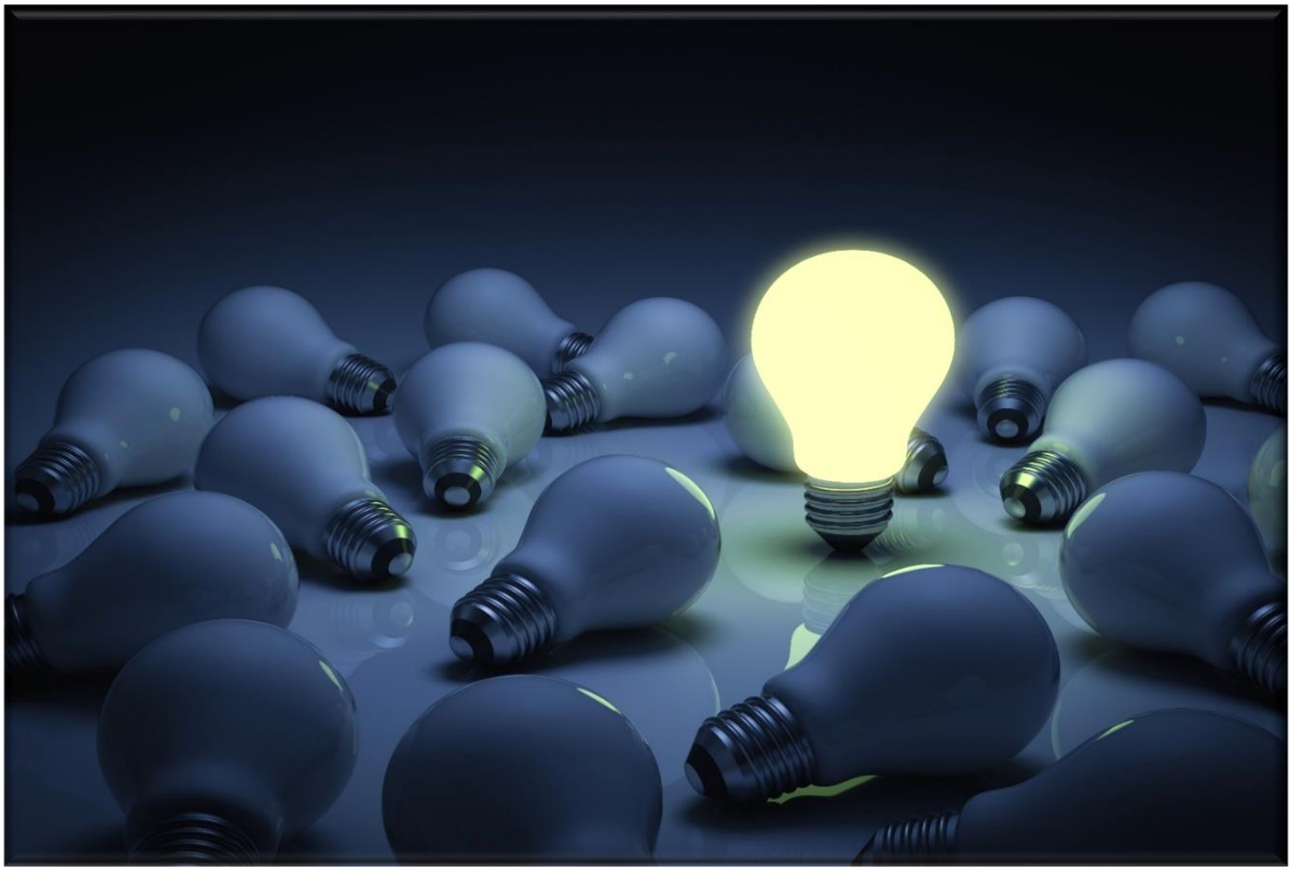
Two years later our work continued with the development of a broader competitiveness strategy, ***An Eye Toward Opportunity 2022-2027***. The recommendations were built on four goals for our state.

- Enough workers with the right skills for business to grow
- A consistent, fair, and predictable regulatory and legal environment, with taxes that position Kansas as a desirable state to live in and do business

- Roads, bridges, railroads, waterways, air service, broadband, water and sewer, housing, childcare, and buildings and sites that support and enable the workforce and business activity
- New ideas and new and existing company growth through commercialization of research, attraction of global investment, the availability of risk capital, high quality entrepreneurial ecosystems, attraction of supply chains, and continuous improvement in labor productivity.

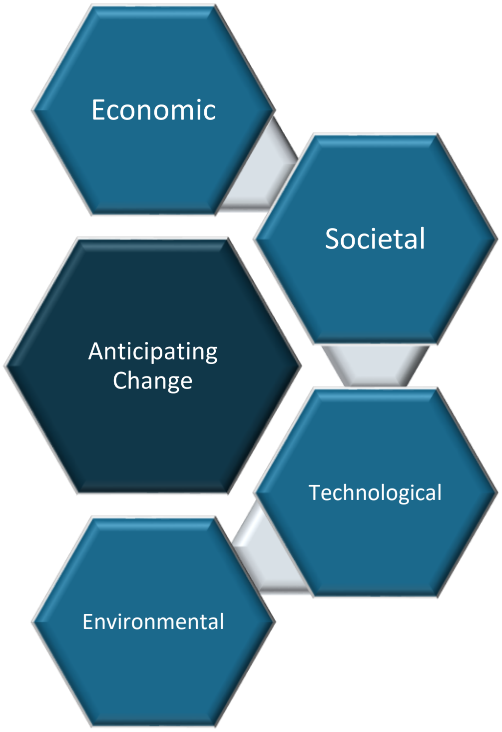
An Eye Toward Opportunity concluded with the following statement. "Changing times offer new opportunities and we can imagine aerospace, defense and agriculture companies and their suppliers growing in our state. We can see new ideas and new companies taking root and adding to our state's quality of life. We can welcome more young people and families drawn to our state for great education, infrastructure, and affordability."

The Kansas Chamber Foundation and the broader business community have been focused on implementing the recommended actions, but we understand that successful blueprints are living documents that remain relevant when they are continuously updated to reflect changing economic conditions.



10 Trends Shaping Kansas Competitiveness - 2025

Kansas, like the rest of the world, is undergoing a period of substantial change—arguably the most profound since the 1960s. Change is always disruptive, but it also creates new opportunities for places that can anticipate what comes next and develop strategies to strengthen their state economy and improve the standard of living for their citizens.



In the 1960s, geopolitics and global conflicts were at the forefront of the American public consciousness, shaped by the Cold War, the Cuban Missile Crisis, the rise of OPEC, and the Vietnam War. Technology was starting to permeate daily lives. The emergence of basic computer programming, new medical inventions and the space race fueled rapid technological advancements. Meanwhile, corporate mergers increased, family farms declined, foreign car imports and chain retail stores emerged, and manufacturing chased affordability to Southern states. The baby boomer generation, mostly families with young children, spread into new suburban neighborhoods, driving demand for modern household conveniences and ultimately changing the role of center cities forever.

Some individuals, communities, and businesses benefited from these changes, finding tailwinds that propelled lasting prosperity. Others ignored the shifting landscape and suffered economic decline.

In the current decade, we are witnessing a similarly profound wave of geopolitical, technological, societal and environmental transformations that dominate daily headlines. Each of these changes requires awareness and preparation to determine the best course of action for Kansas. The following sections explore key shifts, along with an assessment of the state's economic competitiveness and future prospects.

Looking back at the ***An Eye Toward Opportunity*** report, seven trends were highlighted. Each trend is still impacting the state in 2025. Three additional trends have been added.

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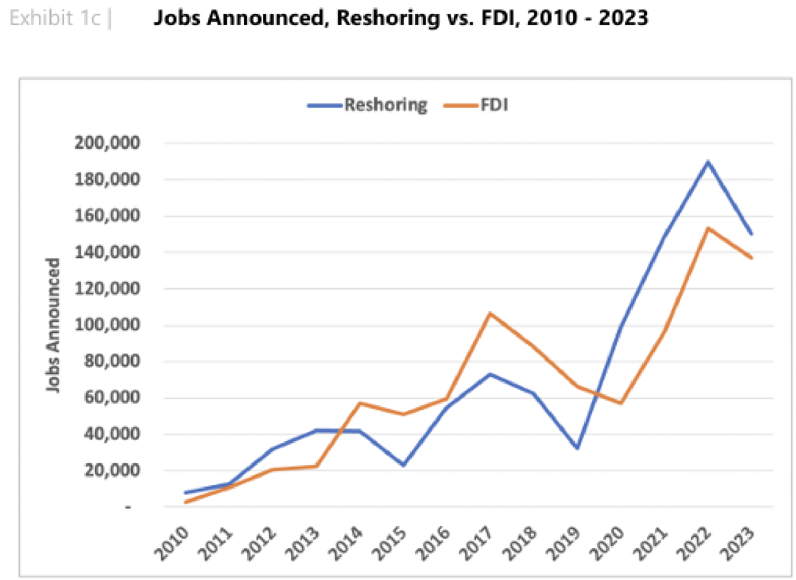
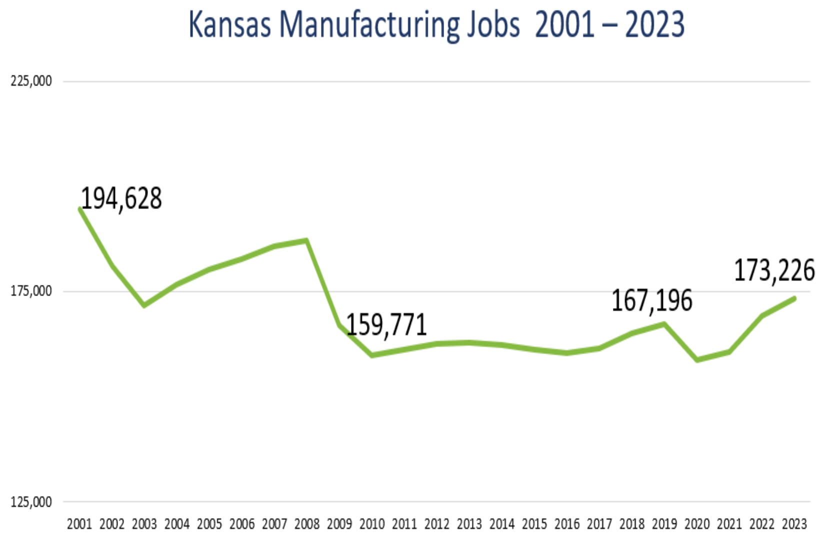
1) **Reshoring is real.** The 2023 annual report from the **Reshoring Initiative** found that reshoring and Foreign Direct Investment (FDI) announcements reached 287,000 in 2023, the second highest year recorded. The Reshoring Initiative's chart on the right shows the growth over the past decade. Geopolitics and the Inflation Reduction Act have been major factors driving that growth. The Russian invasion of Ukraine drove FDI to the US as a haven from energy impacts in Europe.



Federal government investment in industries such as semiconductor chips and batteries injected capital into new manufacturing, although recently that stimulus has slowed, and future national industrial policy investments are uncertain due to a new prioritization to cut the national debt. Future FDI is also less sure due to evolving geopolitics. Nevertheless, support for American manufacturing is a widely shared priority. Kansas has experienced recent manufacturing job growth and has the opportunity for more.



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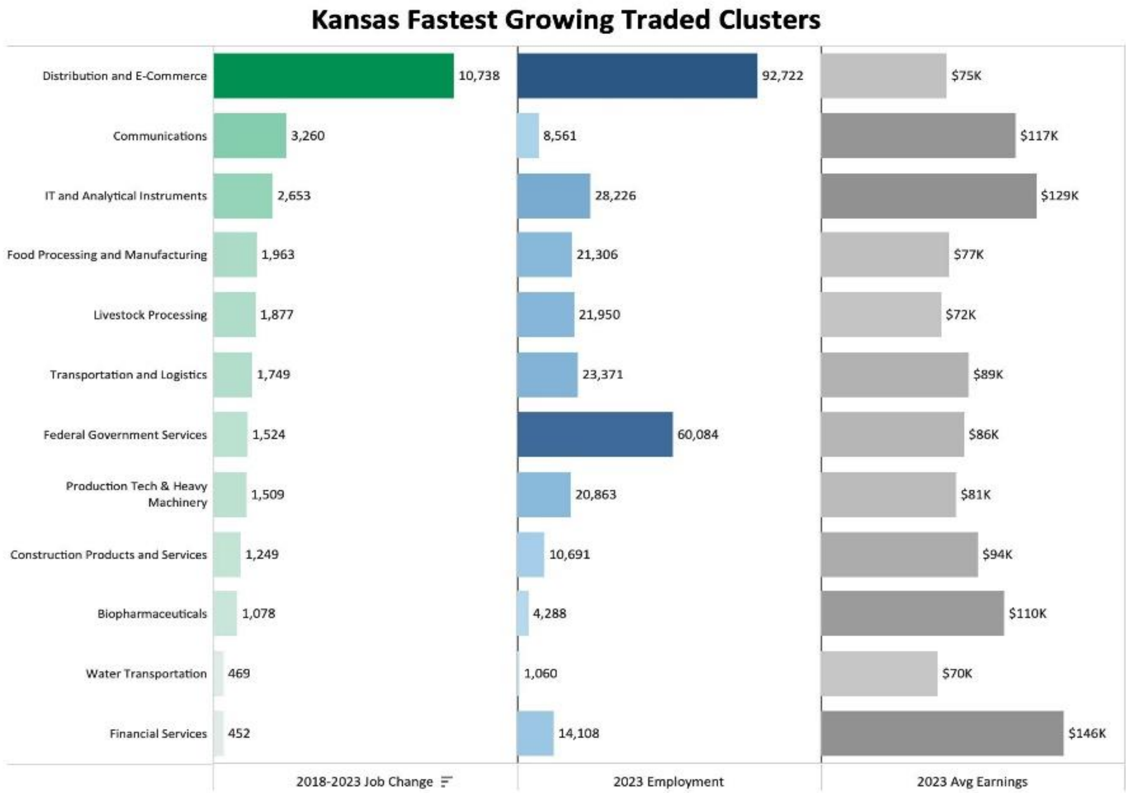
2) **Supply chains are being altered, creating new logistics patterns and supplier opportunity.** When the first report was written there was a recognition that American businesses had begun a decoupling from China. We saw that post-pandemic supply chains were shortening and becoming more redundant to minimize risk. Today, global trade faces broad uncertainty and while supply chains are changing, anticipating where and how is difficult. Distribution and e-commerce is the state's fastest growing traded cluster and looks like a strong driver of future job growth.

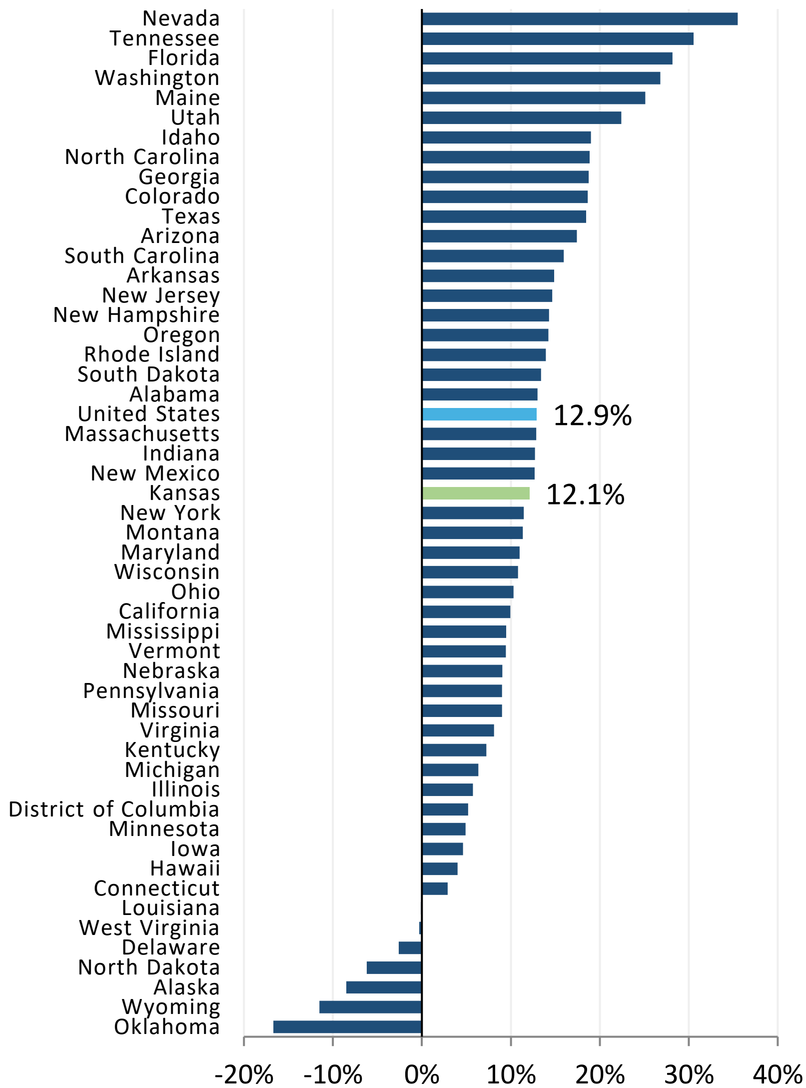


Source: EL Calculations based on Lightcast 2024.3

3) **Technology decentralization expands opportunity to more places.**

Technology job growth has been strong over the past five years although recently inconsistent. One thing that has been consistent is that the tech industry has been expanding into new states and metros seeking talent and profitability. As the chart shows, the fastest growing technology employment states are Nevada, Tennessee, Florida, Washington, Maine, Utah and Idaho. Among that group, only Washington was considered a leading tech state in the past. Kansas grew its tech jobs by over 12 percent, just slightly below the national average and a faster pace than traditional tech leaders California, New York, Maryland and Pennsylvania. Neighboring states Missouri, Nebraska and Colorado are all emphasizing the growth potential of the tech sector. Business-research university collaboration and a focus on entrepreneurial ecosystems can fuel increased tech job growth.

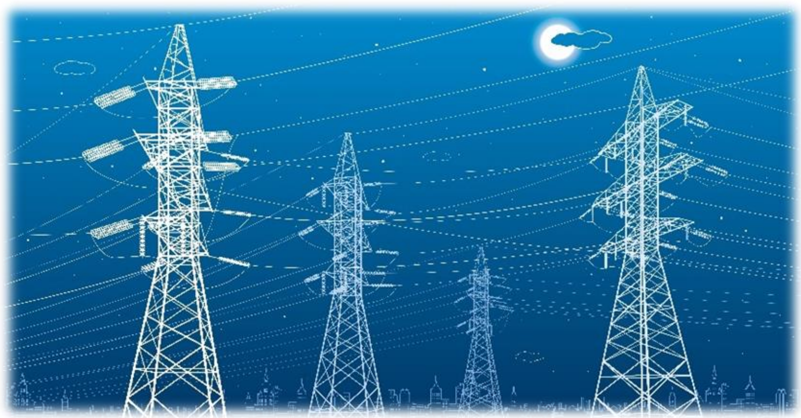
Tech Industry Employment Change, 2018 - 2023



Source: EL calculations based on Lightcast 2024.4

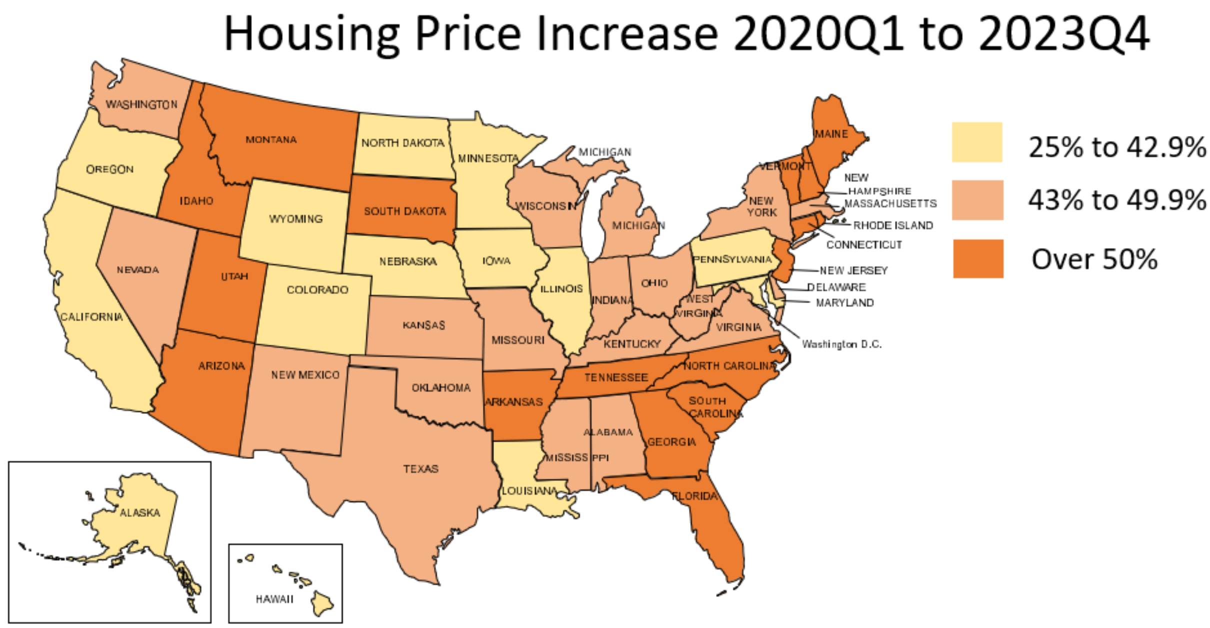
4) **New infrastructure funding will help level competitiveness.** Recent federal government investments in infrastructure represent a good downpayment on a critical national need. Policy makers have known for decades that more attention was needed to improve the country's air traffic control, roads and bridges, and older water and sewer systems. The Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law, was signed in November 2021 providing more than $1 trillion for projects across the country. Almost $4 billion was allocated to Kansas.

   Since our initial report, the biggest infrastructure change has been the growing focus on energy supply. A recent report by the World Economic Forum declared that "traditionally, energy infrastructure has been framed around three factors: sustainability, affordability, and reliability. However, availability is now emerging as a decisive fourth factor." The proliferation of artificial intelligence, plug-in transportation, and the demand for data centers have combined to make power capacity the top site selection factor in the latest Site Selectors Guild survey. Many experts are predicting a surge in nuclear and natural gas-powered generation. Infrastructure is a competitive advantage for Kansas. The state is ranked 5th best overall by US News and is ranked 8th for energy infrastructure.



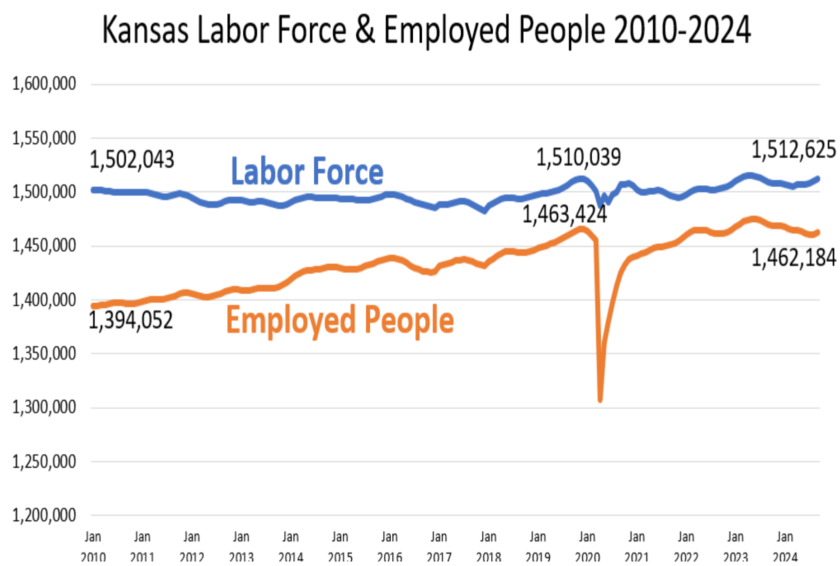
5) **Geopolitical strategic competition escalates.** Since the first study was released, geopolitics has continued on a path to rewrite the rules, institutions, and alliances that have been the norm throughout recent history. New American policies and priorities are emerging, necessitating that both businesses and consumers continuously develop scenario plans to respond. Relationships between the United States, China, Russia and the European Union are ever evolving.

6) **Affordability emerges as a locational advantage.** Affordability has become a top priority for both residents and businesses, with affordability and desirability combining to shape overall livability. People and companies are increasingly relocating to lower-cost areas that still offer in-demand amenities. Key competitive factors—such as housing costs, tax rates, insurance premiums, healthcare expenses, and the overall cost of doing business—are playing a larger role in location decisions.

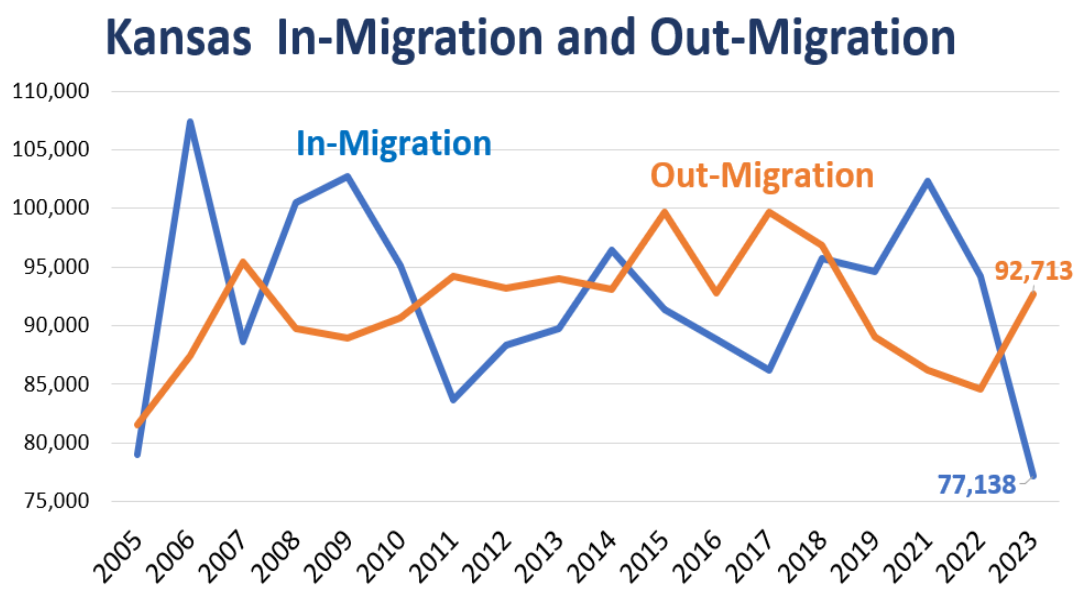


Currently, Kansas's cost of living is well below the national average and Kansas is viewed as one of the most affordable states. For businesses, affordability extends beyond tax rates to include various operational costs. CNBC's latest ranking places Kansas 13th best for the overall cost of doing business.

7) **The Talent Wars Intensify.** Labor force quality and quantity will remain critical to Kansas's economic success. Over the past 14 years the total labor force in the state has grown very little. To ensure a sufficient workforce for future growth, the state will need to implement a combination of strategies, including retaining more local high school and college graduates, attracting domestic migrants, increasing labor force participation among current residents, and welcoming more legal foreign-born workers.



When choosing where to live and work, people prioritize housing options, strong education systems, affordable and well-regarded healthcare, and safety. Additional quality of life factors—such as **recreational and cultural opportunities**—play a significant role in attracting and retaining residents. Over the past decade Kansas has hovered near migration equilibrium with in-migration exceeding out-migration in some years and other years the opposite. Labor force participation is a strength for Kansas. Participation rates are typically higher in the Midwestern states.



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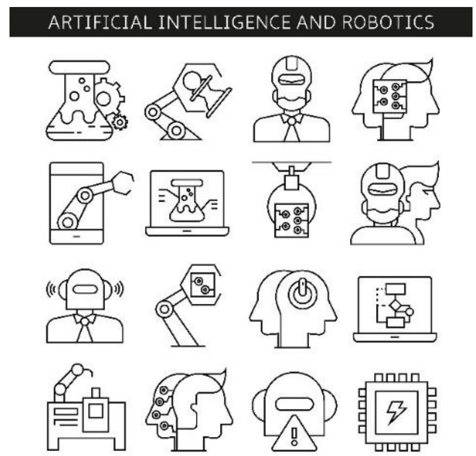
Three additional trends have emerged in the past couple of years and are now important factors for shaping Kansas's competitiveness strategy.

8) **Business decision timeframes have shortened.** Companies now prioritize factors such as ready-to-occupy buildings, shovel-ready sites, reliable utility infrastructure (including power supply), streamlined review and permitting processes, and prompt responses from economic development professionals. CNBC's latest ranking for Kansas's business friendliness places the state as 6th best nationally, a competitive advantage. A future strategic priority should be to monitor and ensure regulatory efficiency and responsiveness.

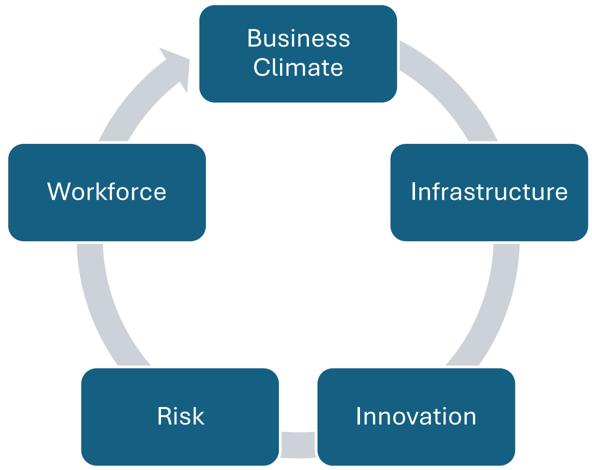
9) **Artificial Intelligence (AI)** exploded into the business consciousness in 2023 and will have a significant impact on Kansas businesses, though the exact timing and extent remain uncertain. Experts agree that AI adoption will accelerate in the coming years. Industries expected to be most affected include Finance and Insurance, Manufacturing, Retail Trade, and Health Services. Any job reductions in key Kansas sectors could have widespread economic effects across the state. At the same time, businesses that embrace AI will anticipate productivity gains and operational efficiencies, reshaping workforce needs and industry dynamics. There has also been strong national growth in **overall automation and the use of industrial robotics.** Combined, these trends will necessitate retraining or upskilling an increasing percentage of the state's workforce and an economic development strategy that embraces new investments in automation.



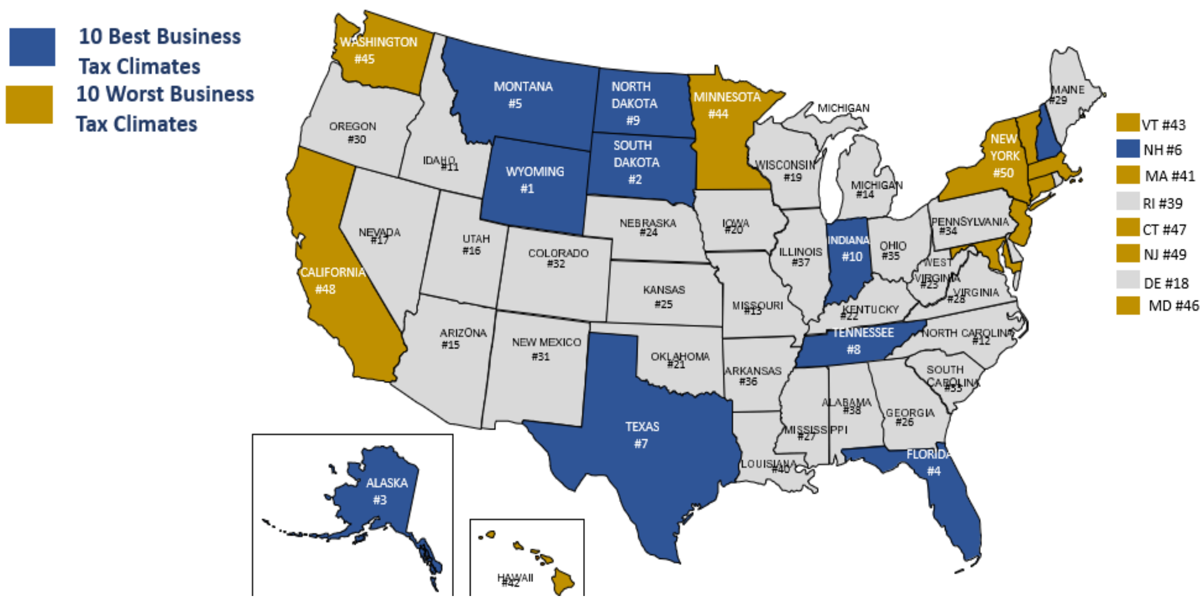
10) Finally, the tenth trend is that **leadership foresight and action** have become even more critical to any state's economic success. As complexity increases, collaboration among leaders is essential. Factors crucial to business growth and profitability have expanded beyond traditional concerns. Today, housing, childcare, and power supply have joined business climate and workforce development as critical challenges requiring proactive leadership. Fast, predictable regulatory processes are now an expectation. To remain competitive, stronger collaboration among economic, community, and workforce development groups—as well as between public and private sector leaders—is essential. Ultimately, the success or failure of businesses is often shaped by three critical elements: cost, time, and certainty.

Kansas Competitiveness

How competitive is Kansas, and what can the state and private-sector leaders do to better prepare for the future? Various publications rank overall state competitiveness using different criteria. CNBC ranks Kansas 29th overall, while *Chief Executive* places it slightly higher at 26th. The Tax Foundation ranks Kansas 25th for overall tax competitiveness. In innovation and technology, Kansas ranks 28th . Meanwhile, the *Rich States, Poor States Economic Competitiveness Index* ranks the state 27th. Kansas tends to rank in the middle of states and rarely appears among the most competitive. An exception is in infrastructure rankings, the latest report from U.S. News names Kansas as the 5th best state overall.



2025 State Business Tax Climate Index



No single ranking or factor determines a state's overall competitiveness, but the key factors considered by site selectors are well known. While individual companies prioritize different metrics, five broad categories of competitiveness factors simplify the complexity.

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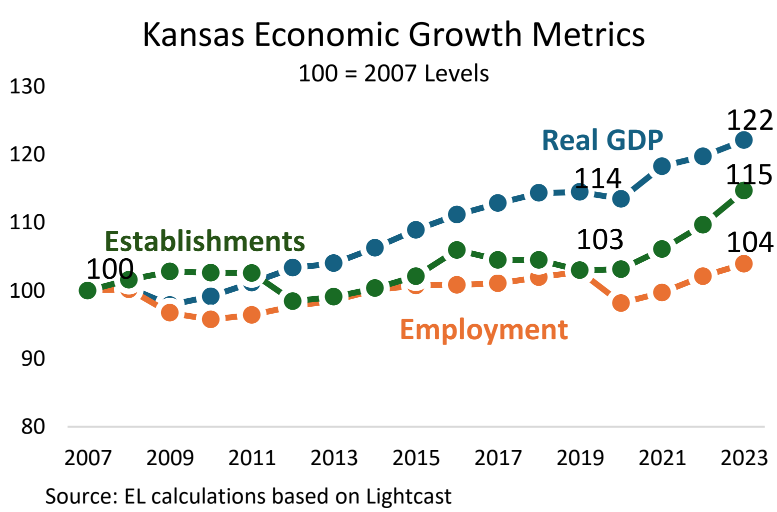
Business Climate encompasses a state's tax structure, regulatory burden, and legal environment. Key factors influencing business location decisions include the overall cost of doing business, regulatory complexity, predictability, and tort law. Processes that move quickly are prized. Stability and certainty in these areas are crucial for long-term business success.

Workforce availability and skills have been a top priority for the past two decades as labor shortages persist and businesses increasingly struggle to find workers with the right skills. Critical factors include the quality of K-12 and higher education, access to skill training programs, domestic and international migration trends, and the quality of life necessary to attract and retain talent. Additionally, worker productivity and the comparative cost of labor play a significant role in competitiveness.

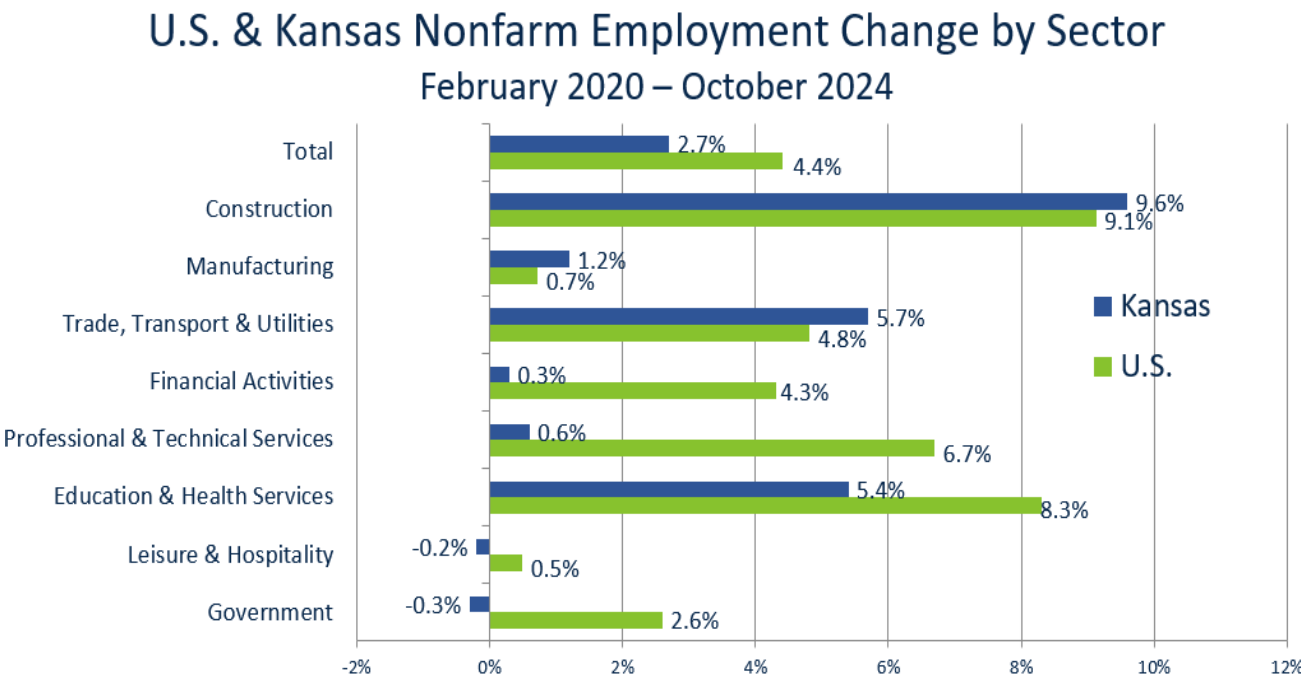
Infrastructure traditionally refers to essential utilities such as water and sewer as well as transportation assets like interstate highways, commercial airports, deepwater ports, and railroads. In recent years, the availability and cost of electric power, broadband service reliability, and cellular connectivity have become very important. During the development of the initial competitiveness report power supply had not yet become a priority. Now it is often ranked at or near the top of business location concerns. Since the pandemic, additional factors—such as housing affordability and childcare availability—are frequently considered part of a location's essential infrastructure.

Innovation assets are critical for companies navigating rapid change. Businesses value the presence of strong higher education institutions, local research and development, government support for automation investments, and a dynamic entrepreneurial ecosystem. Additionally, the presence of other advanced industries and well-developed supply chains can enhance a state's appeal to innovative businesses.

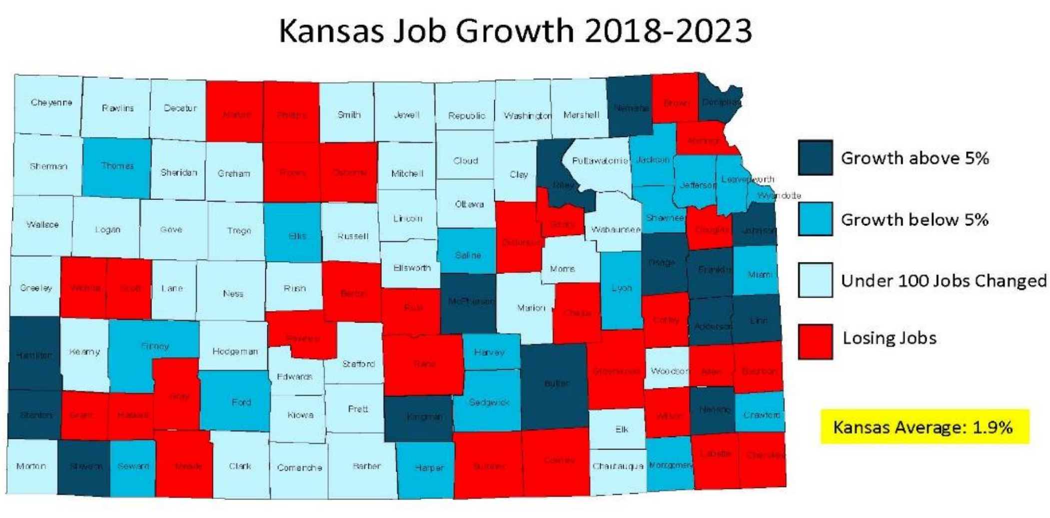
Risk has become a key competitive factor in the post-pandemic landscape and now is more highly prioritized than just a few years ago. Companies assess factors such as crime rates, fiscal stability, and the likelihood of weather-related disruptions to evaluate external threats that could impact their operations.



Recent economic performance shows that the state's economy, as measured by GDP, has recovered well from the pandemic. Kansas GDP has shown consistent growth over the last 15 years. Job growth has been slow and although jobs lost during the last recession have fully recovered, recent job growth in Kansas has been much slower than the national average and lower than neighboring states.



Job growth over the past five years has been concentrated in about one third of the state's counties, mostly around metropolitan areas.



Source: Lightcast 2024.3

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Stakeholder Input and Advice

To develop the initial Vision 2025 plan, the Chamber held forums and gathered ideas from across the state. Common themes from that effort included:

Grow Talent Supply:

- Create more mentorship, internship and apprenticeship programs;
- Engage students earlier about college and career opportunities and planning their paths to success;
- Businesses must partner better with Kansas K-12 educators as well as universities, community colleges and technical schools to identify future workforce needs;
- The need for K-12 and higher education to teach soft skills and offer STEM focused curricula;
- The need to understand the underemployment challenges some communities face.

Advance Competitiveness:

- Reduce the cost of doing business in Kansas;
- Provide a stable and fair regulatory environment;
- Look at other states who are doing better than Kansas and learn what they are doing;
- Do a better job of marketing our state's many assets, i.e. its citizens' work ethic, cost of living, quality of life.

Expand Innovation & Entrepreneurship:

- Target tax breaks and incentives to support innovation and entrepreneurship;
- Develop an entrepreneurial mindset through our universities and community colleges;
- Identify more venture capital funding;
- Establish business incubators throughout the state.

Improve Business Infrastructure:

- Identify the four-lane highway projects that project the best return on investment;
- Expand broadband availability, especially in rural areas;
- Strengthen short-line rail transportation;
- Improve commercial air service capabilities;
- Build more affordable, quality housing.

2025 Update

For this update, in fall 2024 stakeholders participated in new discussions and a survey. Responses about the current economy were mixed, with about half rating current conditions as “excellent” or “good” and 54 percent feeling that the Kansas economy was on the right track. Their ranking of competitiveness factors showed satisfaction with the local quality of life, access to business financing, and transportation infrastructure. The factors showing the least satisfaction were childcare availability and costs, quality and cost of healthcare and health insurance, business taxes, and housing options and costs.

Workforce quality and quantity remains a high priority. Improvement of the workforce’s soft skills and more work experience opportunities were the most cited ways to address workforce challenges.

- **Education and Workforce Development**: Respondents highlighted the need for better computer knowledge training in K-12 and improved alignment between K-12 education and college degree paths to ensure work readiness.
- **Talent Recruitment and Retention**: There is a strong emphasis on the difficulty of recruiting and retaining talent in Kansas, with high personal taxes (income, property, sales) cited as a significant barrier to attracting and keeping skilled professionals.

When asked what is the most important thing that state government should do to increase Kansas’s competitiveness, **the top suggestion was to reform the state tax code to make Kansas more competitive in economic development and job creation.**

Other suggestions prioritized attracting talented people to grow the workforce, improving the business and regulatory and permitting climate, and addressing childcare and housing needs.

Recommendations 2022-2027 *(with 2025 updates)*

Workforce

(1) Increase levels of student work experience to boost work readiness and skill levels as well as to improve talent retention among young Kansans

Work experience among both high school and college students – including internships, pre-apprenticeships, and apprenticeships – is crucial for developing the employability skills of young people.

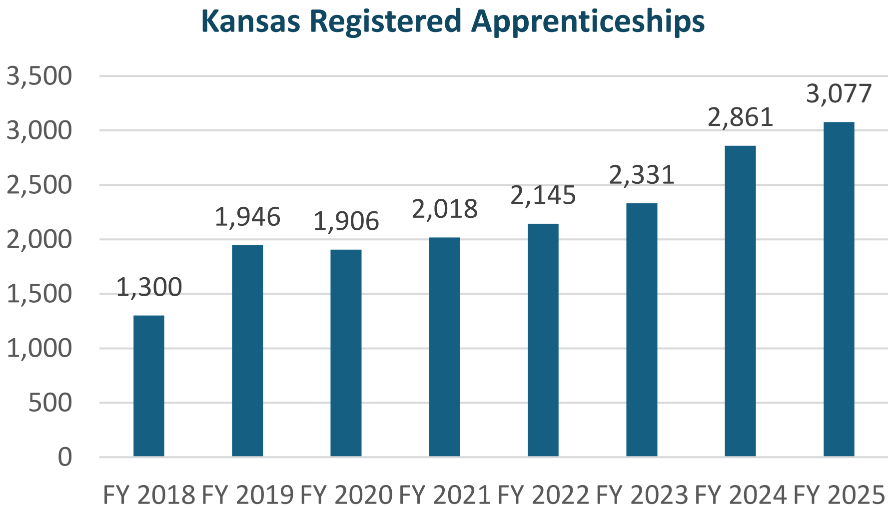
Very recently the Office of Registered Apprenticeship was established to "prioritize fostering a workforce that meets the needs of Kansas businesses and of essential industries like education and healthcare." The success of the effort is critical to addressing the workforce skills gap.

The goal is to increase work experience opportunities for high school students and expand adult apprenticeships.

2025 Update

The KansasWorks Office of Registered Apprenticeship launched in 2022 with a charge to "dramatically scale up the state's efforts to meet the talent needs of Kansas businesses, give workers the skills and experience they need to compete in the modern economy, and knock down barriers to employment."

According to the US Office of Apprenticeships website, registered apprenticeships in Kansas have been on the rise. Since FY 2021 apprenticeships in the state have grown over 50 percent. Youth apprenticeships are also being promoted by KansasWorks. Kansas is participating in the



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National Governors Association Policy Academy to advance youth apprenticeships and develop policy agendas that improve high-quality work-based learning for young adults.

The current challenge is to maintain the momentum and expand apprenticeships for more young people, helping to retain them in the state. Apprenticeships should be promoted and expanded in all sectors – from manufacturing to healthcare, from construction trades to IT. An additional challenge is to develop more apprenticeships that may not be federally registered but are industry-approved and aligned with major industry employment needs in Kansas.

(2) Develop additional tools to improve attraction and retention of young talent

A targeted talent attraction marketing campaign should reach young Kansas natives and graduates of Kansas colleges and universities living in nearby metro areas in the Midwest. Messaging should focus on key decision factors such as career opportunities, cost of living and quality of life. The effort should engage partners to amplify the message. Specific financial tools can also help to anchor young people in the state.

The goal is to increase the working age population in the state.

2025 Update

Love, Kansas *was launched in July of 2024, a new talent attraction campaign aimed at boosting Kansas's population. The goal through a national marketing campaign is to create a brand narrative for Kansas as "an exceptional place to live, work and raise a family, with a special emphasis on 'boomerangs' – individuals with previous ties to the state." The* Love, Kansas *campaign is being led by the Kansas Department of Commerce and is designed to partner with localities across the state.*

Sustaining this effort and engaging more communities in talent attraction is important in the coming years. Ultimately, Kansas's brand narrative needs to be as a great place to affordably live the American dream with plentiful jobs and promising career paths.

(3) Ramp up short-term training for upskilling and reskilling

The upheaval in many industry sectors during the COVID economic shutdown heightened the need for adult workers to access flexible, short-term training to enable them to move into a new sector or obtain a better job in the same sector.

The goal is to engage more employers and educational institutions to provide retraining for adults.

2025 Update

Kansas Community Colleges offer technical programs that prepare individuals for in-demand jobs in many fields such as healthcare, manufacturing, information technology, and more. By offering certificates and associate degrees they can upskill individuals for new opportunities.

The Kansas Department of Labor is consistently providing information on high-demand jobs with education requirements of less than a bachelor's degree.

		Academic Year					
		2019	2020	2021	2022	2023	2024
System	Award Type						
System Total	Short-Term Certificates	6,345	5,626	5,119	4,824	5,159	6,122
	Certificates	5,327	4,995	4,483	5,256	5,653	5,890
	Associate Degrees	10,222	9,594	9,211	9,153	9,386	10,828
	Bachelor's Degrees	15,901	16,320	16,347	15,519	14,620	14,077
	Master's Degrees	5,721	5,885	6,269	6,303	6,632	6,794
	Doctoral Degrees	1,492	1,519	1,507	1,746	1,578	1,565
	Total	**45,008**	**43,939**	**42,936**	**42,801**	**43,028**	**45,276**

Community colleges in all parts of Kansas must tailor technical training to in-demand jobs in their part of the state that offer quality career paths. Training efforts should include short-term programs of less than one year to make upskilling more affordable and attainable for Kansas residents.

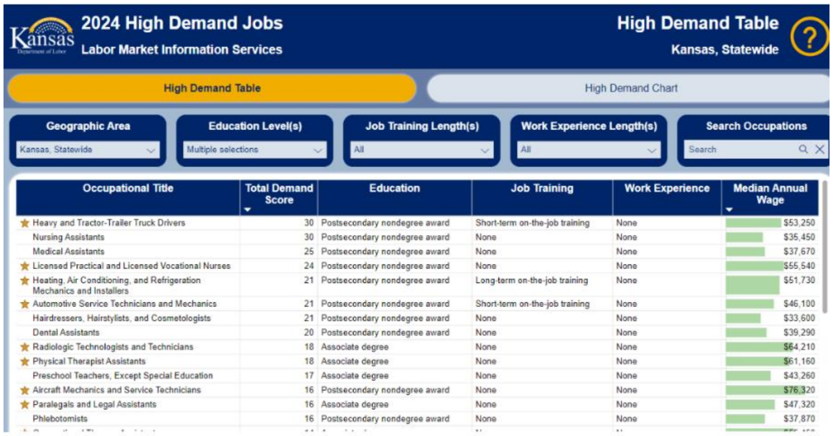
(4) Increase career awareness among young people, especially for skilled technical positions

It can be difficult to reach students and parents with information about lucrative career opportunities within their own state and region, but effective models exist. The well-regarded Be Pro Be Proud initiative brings information about careers in the skilled professions to students in a hands-on manner and right at their schools. Be Pro Be Proud started in Arkansas in 2016 and is now active in five states. Using mobile workshops housed in custom-built tractor trailers, the Arkansas initiative has reached about 180,000 young people thus far.

The goal is to reach more parents, students and educators with information about specific career opportunities in Kansas.

2025 Update

Supporting and refining career pathways that provide parents, students, and agencies with data to better inform them about high-demand careers, track career readiness and student outcomes should continue to be a priority, either through adoption of Be Pro Be Proud or another successful model.


2024 High Demand Jobs
Labor Market Information Services
High Demand Table
Kansas, Statewide

High Demand Table | High Demand Chart

Geographic Area: Kansas, Statewide
Education Level(s): Multiple selections
Job Training Length(s): All
Work Experience Length(s): All
Search Occupations: Search

Occupational Title	Total Demand Score	Education	Job Training	Work Experience	Median Annual Wage
Heavy and Tractor-Trailer Truck Drivers	30	Postsecondary nondegree award	Short-term on-the-job training	None	$53,250
Nursing Assistants	30	Postsecondary nondegree award	None	None	$35,450
Medical Assistants	25	Postsecondary nondegree award	None	None	$37,670
Licensed Practical and Licensed Vocational Nurses	24	Postsecondary nondegree award	None	None	$55,540
Heating, Air Conditioning, and Refrigeration Mechanics and Installers	21	Postsecondary nondegree award	Long-term on-the-job training	None	$51,730
Automotive Service Technicians and Mechanics	21	Postsecondary nondegree award	Short-term on-the-job training	None	$46,100
Hairdressers, Hairstylists, and Cosmetologists	21	Postsecondary nondegree award	None	None	$33,600
Dental Assistants	20	Postsecondary nondegree award	None	None	$39,290
Radiologic Technologists and Technicians	18	Associate degree	None	None	$64,210
Physical Therapist Assistants	18	Associate degree	None	None	$61,160
Preschool Teachers, Except Special Education	17	Associate degree	None	None	$43,260
Aircraft Mechanics and Service Technicians	16	Postsecondary nondegree award	None	None	$76,320
Paralegals and Legal Assistants	16	Associate degree	None	None	$47,320
Phlebotomists	16	Postsecondary nondegree award	None	None	$37,870

Business Climate

(5) Implement a robust regular review of the state's regulatory burden

As they pile up over the years, the combined weight of state-level regulations can burden anyone trying to do business there. States such as Arizona are working to reduce that burden. Arizona requires all state agencies to review all rules every five years, to uncover any that should be repealed or changed. This has helped Arizona maintain one of the least-complex regulatory codes in America.

In 2018, Virginia started a three-year pilot program to reduce red tape. The pilot program targeted two state agencies. These agencies were mandated to review all existing regulations and reduce the number of restrictions. Despite COVID-related delays, one agency amended 27% of its regulations and the other agency altered 14% of its total.

The goal is to have Kansas recognized as a top third state for regulation.

Update 2025

In 2024 the Mercatus Institute's Snapshots of State Regulations ranked Kansas as the 40th most regulated state, safely in the top third for lowest regulatory burden. Also in 2024, CNBC ranked Kansas as the 6th best state for "business friendliness". Kansas adopted a five-year review process in 2021. KSA 2024 Supp. 77-440 specifies review years for each agency, starting in 2023. Agency reports on the reviews are published on the KLRD webpage for the Joint Committee.

Going forward the focus should be on government efficiency and the adoption of "lean government" practices. In addition, a state's legal environment plays an important role in the

overall business climate. Competitive states reduce the opportunity for litigation outcomes that disproportionately award plaintiffs. To improve transparency and a fair playing field, legislative measures such as requiring disclosure of third-party litigation financing are important.

(6) Increase Kansas's competitiveness in business taxation

Kansas ranks in the middle of the pack nationally for total tax burden, according to research by the Tax Foundation. But nearby states have been more aggressive to improve in this aspect of business competitiveness. Over an 11-year period, Indiana moved its top marginal corporate income tax rate from 8.5% to 6.5% and finally to 4.9%. Missouri and Oklahoma's top corporate rates are now both at 4.0%, while Colorado's is 4.55%. The top marginal corporate rate in Kansas is 7.0%.

> *"Kansas's tax system ranks 25th overall on the 2025 State Tax Competitiveness Index. Kansas has a fairly standard tax code—with few features that make it either distinctly competitive or uncompetitive—and this is reflected in the state's ranking near the middle of the pack. Kansas's individual and corporate income taxes both have graduated-rate structures, with brackets, a standard deduction, and a personal exemption that are not indexed for inflation. Kansas's top marginal individual and corporate income tax rates, as well as its combined state and average local sales tax rate, are all at or above the national median."*
>
> *Tax Foundation 2025 Rankings*

In 2019 the Kansas Chamber published a comprehensive report *Kansas Tax Modernization: A Framework for Stable, Fair, and Pro-Growth Reform*. That report provided detailed building blocks with which Kansas can construct an enhanced, simplified and modernized tax code.

The goal is to have Kansas recognized as a top third state for taxation.

2025 Update

Kansas tax rankings and tax burden continue to be in the middle of state rankings. In the 2025 report from the Tax Foundation Kansas ranked 25th overall, 27th in Corporate Taxes, 27th in Individual Taxes, 30th in Sales Tax, and 29th in property taxes. Unemployment taxes were among the best, ranked 4th.

Affordability is a key factor in business investment decisions, emphasizing the need to compete on tax rates. Data suggests that business and residential relocations are favoring more affordable places with lower tax burdens. In site selection surveys taxes are still important differentiating factors.

Kansas should prioritize reforms that move the state toward a more competitive corporate and individual income tax.

(7) Reform occupational licensing

Each state's web of occupational regulations and licensing requirements can hinder the ability of many professionals to earn a living in their chosen profession. According to a recent national study, the percentage of the U.S. workforce affected by state licensing requirements grew from five percent to nearly 25% over the past 60 years.

One hurdle occurs when people move across state lines. To make it quicker and easier for new residents to start working there, Arizona became the first state to accept out-of-state occupational licenses, rather than making individuals start over. In the last few years, many other states have removed or reduced licensing requirements for a wide range of occupations, affecting everyone from interior designers to boxing referees.

The goal is to have Kansas recognize out-of-state occupational licenses.

2025 Update

According to the Knee Regulatory Research Center's 2024 update, occupational licensing, which functions like a government permission slip to work, covers about 800 occupations and a fifth of U.S. workers. The report finds that state licensing practices may have reduced interstate mobility by seven percent. Fast growing states like Florida, Georgia and Indiana – and neighboring states like Nebraska, Missouri, and Iowa – have adopted more liberal universal license recognition in recent years. Kansas adopted a universal occupational licensing bill in 2021 (HB 2066). However, other states continue to update policies to attract more workers in high-demand occupations.

The goal is to have Kansas recognize out-of-state occupational licenses. Kansas has passed 15 out of the 17 available occupational licensing compacts. CSG is in the drafting phase for 2 occupational compacts. HB2066 passed in 2021 and implemented occupational license reciprocity.

Close monitoring of advancements in other states and continued support for regulatory and statutory changes that support talent in-migration to Kansas are needed.

Spurring Innovation

(8) Continue to invest in broadband internet

In 2022, broadband internet access is a prerequisite for innovation by businesses and entrepreneurs, regardless of location. The federal government has made significant funds available for broadband internet expansion through such acronym-rich programs as ARPA, BEAD, and DEA. The Kansas Office of Broadband Development (KOBD) has initiated several broadband programs investing tens of millions of dollars to connect Kansans in unserved and underserved areas in the state. Completion of the goals of these programs will amplify Kansas as a national leader in infrastructure.

The extent to which states leverage these funds and support internet expansion efforts can make a great difference in the pace of progress toward statewide broadband access that will benefit businesses, education, and individual quality of life. States can enable broadband progress through funding, technical assistance, establishing service goals, and promoting public-private partnerships.

The goal is to be among the top 10 states for high-speed internet accessibility.

2025 Update

Although there has been improvement in access and affordability of broadband nationally there is still considerable work to do for Kansas to gain a competitive advantage. Kansas continues to be ranked either in the middle of states or lower. Broadband Now's latest Best and Worst States for Broadband 2025 reported that Kansas fell below the national average for both affordability and quality metrics and ranked the stated 42nd overall.

Broadband Search recently released its 2025 report showing average internet speed by state. The top 10 states averaged 454 Mbps, while the bottom 10 slowest states averaged 191 Mbps. Kansas ranked 23rd at 326 Mbps.

As more industries, businesses, and workforce talent are reliant on broadband, efforts must continue to increase high-speed internet access, quality and affordability. Kansas should strive to be ranked in the top 20 in all three areas (overall access, quality and affordability) by 2030.

(9) Invest to grow in-state companies

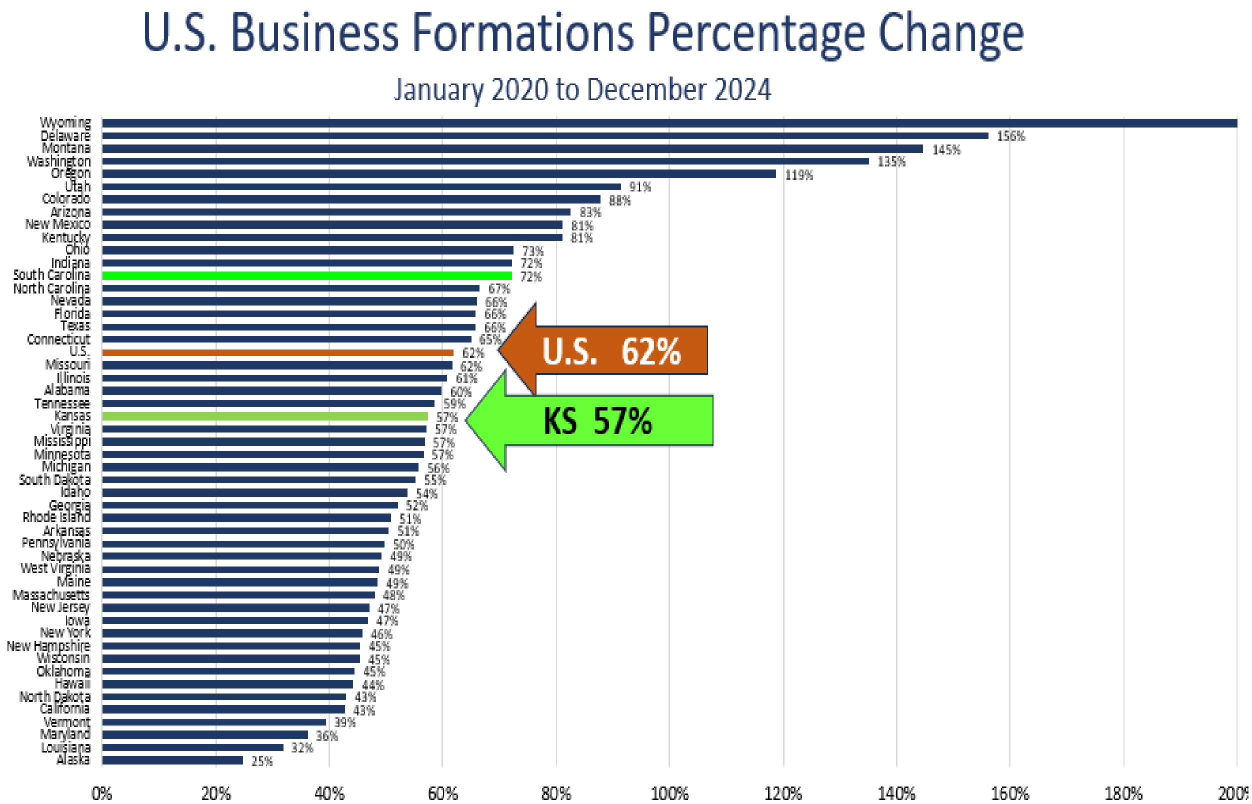
A number of states have made long-term commitments to invest in locally based (especially smaller) firms through equity investment funds and other programs. Funds may come from specific revenue streams, issuing bonds, or from general legislative allocations.

The goal is to create a means to invest in Kansas firms showing strong growth potential.

2025 Update

Entrepreneurial activity accelerated post-pandemic across the US. Although Kansas business formations grew 57 percent, that was below the national average of 62 percent.

New efforts to reduce financial barriers for business filings and the elimination of barriers for the transition of business ownership would encourage more startups and small business growth.



After consideration, the Kansas Chamber and Foundation support innovation and want to **encourage the expansion of small business development loans for start-ups through private institutions** *rather than the state. Support is also strong for the* **continuation and expansion of the Kansas Angel Investor Tax Credit program.**

(10) Incentivize innovation

Tax credits and other incentives can spur the private sector to make investments in new technologies and other innovative practices. In the 2019 legislative session, North Dakota passed two measures to promote private sector innovation. The 21st Century Manufacturing Tax Credit applies to companies using new technology or equipment to automate a primary sector manufacturing process.

The goal is to create a means to promote private sector investment in new technologies and equipment by Kansas companies.

2025 Update

With a national priority to encourage bringing more manufacturing back to America and with the scarcity of available skilled workers, automation is likely to grow rapidly in the coming years. Companies will be considering new investments to modernize and automate business processes.

A thorough review of Kansas's incentive policies – such as machinery and equipment deduction and exemption programs – should be conducted to determine if they are meeting the goals of promoting investments that enable business innovation in Kansas. Particular attention should be paid to the ability of small and medium sized companies to make needed capital investments.

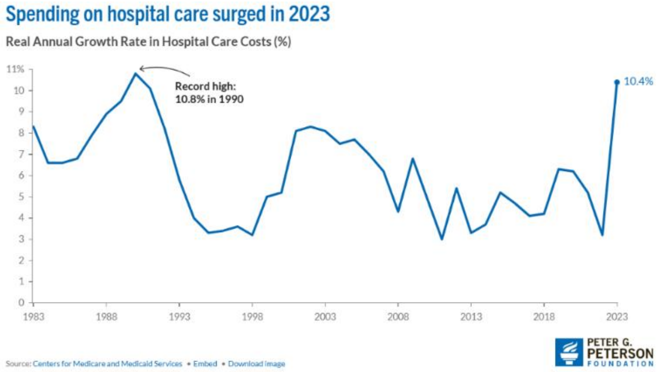
2025 Update - Two New Priorities

(11) Support and contribute to a statewide comprehensive energy policy that balances a portfolio of energy sources and is based on an equitable allocation of transmission and energy costs among regional ratepayers.

The biggest competitive shift since the original plan was developed is the increasing importance of energy availability, capacity and reliability. According to the International Energy Agency (IEA), global electricity demand is projected to grow by 3.4% per year from 2024 to 2026 due to industrial expansion, electrification, and digitalization. Reuters reports that data centers consume 1-2% of global electricity and demand due to AI, cloud computing, blockchain technologies and 5G is projected to double by 2030. To remain competitive, states will need to prepare for the increased demand.

(12) Champion meaningful healthcare reform that lowers overall healthcare costs.

According to the Peter G. Peterson Foundation, healthcare costs rose 7.5 percent in 2023 and, as the adjacent chart shows, the cost of hospital care surged by more than 10 percent. As the federal government reevaluates its role in individual healthcare, states need to anticipate changes and prepare to facilitate efficient and cost-effective quality healthcare.



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