

All eyes on growth

I love the Chamber's location in Corporate Woods. From my office window I witness the changing of the seasons, especially enjoyable as spring advances more rapidly each day. As I write this I see today more foliage than yesterday and bees hovering over the blooms I have missed over the winter months. Spring's arrival also brings to our office a flood of information – year-end results as well as some first quarter numbers that provide us an opportunity to evaluate where we are as a community and state.

Statewide, we're falling a little short. As we go to print with this newsletter, Kansas lawmakers are headed back to Topeka for Veto Session where they will grapple with continued shortfalls in our state revenues. Job growth isn't reaching expectations. From February 2015 to February 2016, the Missouri side of the metro area added 13,900 jobs for a 2.4% growth rate. During the same period, the Kansas side of the metro area added 2,200 jobs, for a growth rate of only 0.5%. According to the Bureau of Labor Statistics, Kansas saw zero growth in state employment for the fourth quarter of 2015.

From February 2015 to February 2016, the state of Kansas lost a total of 5,400 jobs.

In 2015, Kansas grew a mere 0.1%, while the nation's economy grew 1.9%. Kansas ranked 46th nationally on an Index of State Economic Momentum, according to the Washington-based State Policy Reports. In 2015, Kansas saw a 1.9% improvement in personal income, 44th in the nation. By comparison, the national growth rate was 4%.

In the region the news is brighter. From 2011 to 2014, more than 31,500 jobs were created in Johnson County. In January 2016, Johnson County employment payrolls reached their highest level in a decade. Overland Park accounted for 24% of employment growth in Johnson County for the first two months of 2016. Overland Park's unemployment rate in December 2015 was 2.9%, the lowest rate since 2000. Johnson County's unemployment rate was also 2.9%, with the state of Kansas at 3.5% and the national average at 5.5%.

In 2015 we saw the highest construction value totals in Johnson County in ten years and Johnson County accounted for more than 25% of the state's total sales tax revenue. Home sales are up 10% and home values are up 4.6%. More than 1,600 permits for new single-family homes were reported last year. Closer to home, for the first quarter of 2016, Overland Park has outpaced the first quarter of 2015 by \$108 million in commercial permit valuation, and by 560,000 square feet. Residential and commercial growth locally has resulted in positive growth trends forecasted to continue.

Eyes are focused on Topeka to see how legislators will address revenue shortfalls (LLC pass-through fix?) and a proposed détente in the "border war." Still in question is whether recent legislative action to address school funding will meet the Kansas Constitutional requirement for equitable funding. The Kansas Supreme Court will hear oral arguments May 10, leaving open the possibility for legislative action after the Court's ruling which could come after sine die.

With several unknowns, our goal for the Veto Session is to focus on actions that drive a pro-growth environment in Kansas, one which focuses upon local control, balanced taxation, quality of life, public education that creates a strong workforce, and a strong infrastructure for our state.



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