

**Written Testimony before the House Taxation Committee
HB 2591 – High Performance Incentive Program (HPIP) Modifications
Submitted by J. Kent Eckles, Vice President of Government Affairs**



Tuesday, February 7th, 2012

The Kansas Chamber of Commerce appreciates the opportunity to present testimony in favor of House Bill 2591, which would allow unitary sharing of HPIP credits when certain investment, job creation and wage thresholds are met.

For background purposes, when a group of corporations conducts a “unitary” business both within and without Kansas, the income to be included in the Kansas corporate tax return must be determined by combined reporting. This means that all companies in the unitary group have their income taxed in Kansas; regardless of whether the individual company has any Nexus or presence in Kansas.

In contrast a “separate company state” means that only the legal entity with Nexus in that state has to pay taxes in that state, not the entire consolidated group. Missouri, Oklahoma, Indiana and Kentucky are all separate company states. Colorado and Nebraska have a modified unitary which excludes part of the group. Kansas does not and is clearly at a competitive disadvantage to those other states at present.

Last legislative session we supported and the House passed legislation allowing a phase in of unitary treatment of HPIP credits. This bill allows such a phase in but only under limited eligibility and only for new projects that come to fruition during a two-year window. While we support this bill we also support the broader legislation from last year.

We urge the Committee to pass favorably HB 2591.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.

