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Written Testimony before the House Taxation Committee
HB 2591 – High Performance Incentive Program (HPIP) Modifications
Submitted by Tim McKee, CEO of Olathe Chamber
Tuesday, February 7th, 2012

Chairman Carlson and honorable committee members:

Thank you for the opportunity to present written testimony in favor of HB 2591, which would allow unitary sharing of HPIP credits when certain investment, job creation and wage thresholds have been met.

When the state of Kansas calculates income for a group of corporations, the income for reporting is a “unitary” income report including business both within and without Kansas. In other words, 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.

Missouri and Oklahoma are all separate company states, which means that only the legal entity with Nexus in that state has to pay taxes in that state, not the entire consolidated group. Colorado and Nebraska have a modified unitary, which excludes part of the group. In Kansas, however, the corporations are taxed at the higher collective income amounts and this puts our businesses at a competitive disadvantage.

Last legislative session, the House passed legislation allowing a phase in of unitary treatment of HPIP credits. HB 2591 allows for a phase-in of the unitary sharing by allowing it only under limited eligibility and only for new projects that come to fruition during a two-year window. While we support the broader allowance, we do believe HB 2591 is a step in the right direction. Therefore, the members of the Olathe Chamber urge you to support the passage of HB 2591.

If you should have any questions, please do not hesitate to contact me at 913. 764.1050.

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