



AMERICAN COUNCIL OF ENGINEERING COMPANIES  
*of Kansas*

Affiliated with:  
American Council of Engineering Companies  
Kansas Society of Professional Engineers  
National Society of Professional Engineers  
Professional Engineers in Private Practice

### TESTIMONY

**TO: HOUSE TAXATION COMMITTEE**

**FROM: SCOTT HEIDNER, EXECUTIVE DIRECTOR  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF KANSAS (ACEC KANSAS)**

**RE: HB 2763**

**DATE: March 15, 2012**

Chairman Carlson, members of the Committee, thank you for the opportunity to appear today. My name is Scott Heidner, and I appear today on behalf of the American Council of Engineering Companies of Kansas (ACEC Kansas). ACEC Kansas is the trade association representing private consulting engineering companies in Kansas. We are here today in opposition to HB 2763.

ACEC Kansas members are private, for profit companies, and as such are appreciative of any effort to improve tax policy and maintain competitive tax rates. HB 2763, while well intentioned, would not improve the business or tax climate for our private sector member firms.

You will hear from many opponents today discussing many concerns with the proposed bill, so let me limit my remarks to the impact of the bill that lands most specifically on our member firms. Almost half of our firms are within an hour of the Kansas border. This is especially true in the Kansas City metro area. Kansas City has a tremendous concentration of engineering businesses. These businesses are constantly evaluating where they want to office and conduct their business. Surrounding states are competing for their investments at all times. The imposition of a consumption tax on their professional services would be an enormous incentive for them to move their offices to another state and more aggressively pursue work elsewhere.

Our member firms don't enjoy paying taxes any more than the next private business. However, when the ACEC Kansas Board of Directors discusses the overall business climate in Kansas, tax relief is nowhere near the top of the list. Sustaining a professional services exemption on sales and/or consumption tax is the number one tax priority for our members.

Passage of HB 2763, resulting in imposition of consumption taxes on professional design services, would be the single most damaging tax policy change Kansas could make in terms of recruiting and retaining engineering businesses. We urge you to vote against this legislation.

Thank you for the opportunity to appear today, and I'd be happy to answer questions at the appropriate time.