



THE CHAMBER
WICHITA REGIONAL CHAMBER OF COMMERCE

February 13, 2017

Mr. Chairman and Members of the Committee,

On behalf of the Wichita Regional Chamber and our 1,600 members, thank you for the opportunity to provide testimony in support of H.B. 2036, AN ACT concerning taxation; relating to certain income tax credits for graduates of aerospace and aviation-related educational programs and their employers.

H.B. 2036 is a much needed measure that would enhance our state's ability to compete for high paying jobs in an economic sector that Kansas once dominated. This legislation creates tax credits for employers and employees engaged in aerospace engineering.

People around the world refer to Wichita as the Air Capitol. In reality, Kansas is the Air Capitol, as airplanes and airplane parts are manufactured throughout our great state. In addition, multiple Kansas institutions of higher learning offer advanced degrees and certification programs related to aeronautics.

However, over the last decade Kansas has been challenged by numerous other states competing for our high paying aviation jobs. Sadly, we are not faring well in this fight. Attached to my testimony are charts and graphs showing the growth in aviation jobs in other states and decline of aviation jobs in Kansas. The numbers are alarming and they demand action, such as provided in H.B. 2036, in order to prevent the continued rapid decline in high paying aviation related employment.

Between 2005 and 2015 Kansas saw aviation employment drop by 17%. Conversely, Oklahoma saw an increase of 91% and North Carolina saw an increase 120%.

Conventional wisdom seems to be that Kansas lost aviation related jobs during the Great Recession and that due to a sluggish demand for airplanes, the sector has not seen employment return to pre-recession levels. The fact of the matter is that these jobs have returned, they just haven't returned to Kansas.

Aviation firms are growing employment, but they are growing employment in states with better incentives and programs more inviting of their capital investment. This investment is in employees through very high wages and great benefit programs. It also in infrastructure

and real-estate and growth in supply chain firms. These states are reaping the economic benefits of their investments. Kansas should do the same.

With this mind, The Wichita Regional Chamber strongly urges the Committee to report H.B. 2036 favorable for passage.

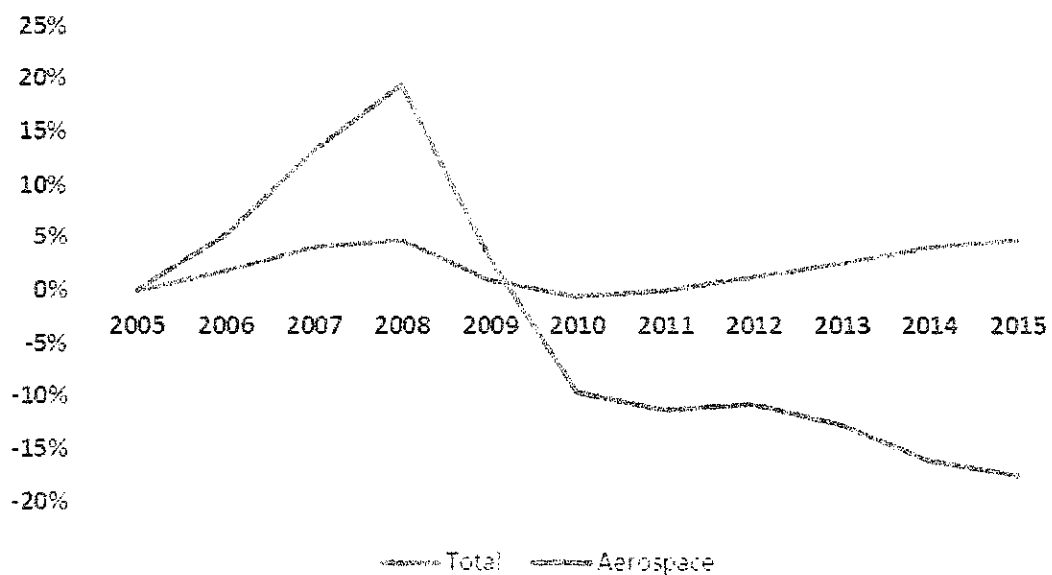
Very truly yours,

A handwritten signature in black ink, appearing to read "Jason P. Watkins". The signature is fluid and cursive, with a prominent initial "J".

Jason Watkins

Kansas			Kansas		
	Total	Aerospace		Total	Aerospace
2005	1,305,440	36,308	2005	0%	0%
2006	1,327,677	38,164	2006	2%	5%
2007	1,356,966	41,092	2007	4%	13%
2008	1,366,878	43,290	2008	5%	19%
2009	1,317,029	37,464	2009	1%	3%
2010	1,297,779	32,818	2010	-1%	-10%
2011	1,303,799	32,196	2011	0%	-11%
2012	1,320,285	32,409	2012	1%	-11%
2013	1,336,948	31,725	2013	2%	-13%
2014	1,357,090	30,479	2014	4%	-16%
2015	1,367,329	29,991	2015	5%	-17%
Georgia			Georgia		
	Total	Aerospace		Total	Aerospace
2005	3,932,315	18,328	2005	0%	0%
2006	4,024,699	18,714	2006	2%	2%
2007	4,077,184	19,012	2007	4%	4%
2008	4,031,467	19,754	2008	3%	8%
2009	3,796,429	19,935	2009	-3%	9%
2010	3,753,934	20,181	2010	-5%	10%
2011	3,792,209	21,673	2011	-4%	18%
2012	3,841,767	22,002	2012	-2%	20%
2013	3,918,085	21,499	2013	0%	17%
2014	4,032,488	21,326	2014	3%	16%
2015	4,151,011	21,590	2015	6%	18%
North Carolina			North Carolina		
	Total	Aerospace		Total	Aerospace
2005	3,856,748	2,600	2005	0%	0%
2006	3,965,479	3,005	2006	3%	16%
2007	4,062,955	3,521	2007	5%	35%
2008	4,043,486	3,815	2008	5%	47%
2009	3,823,299	3,701	2009	-1%	42%
2010	3,788,581	3,515	2010	-2%	35%
2011	3,838,300	4,258	2011	0%	64%
2012	3,907,085	4,601	2012	1%	77%
2013	3,974,937	4,676	2013	3%	80%
2014	4,057,439	5,536	2014	5%	113%
2015	4,161,654	5,723	2015	8%	120%
Oklahoma			Oklahoma		
	Total	Aerospace		Total	Aerospace
2005	1,465,969	3,677	2005	0%	0%
2006	1,507,196	4,537	2006	3%	23%
2007	1,534,802	5,226	2007	5%	42%
2008	1,550,489	5,595	2008	6%	52%
2009	1,497,855	4,901	2009	2%	33%
2010	1,485,400	5,030	2010	1%	37%
2011	1,507,558	5,600	2011	3%	52%
2012	1,540,292	6,218	2012	5%	69%
2013	1,560,799	6,687	2013	6%	82%
2014	1,582,712	7,085	2014	8%	93%
2015	1,594,011	7,013	2015	9%	91%

Kansas



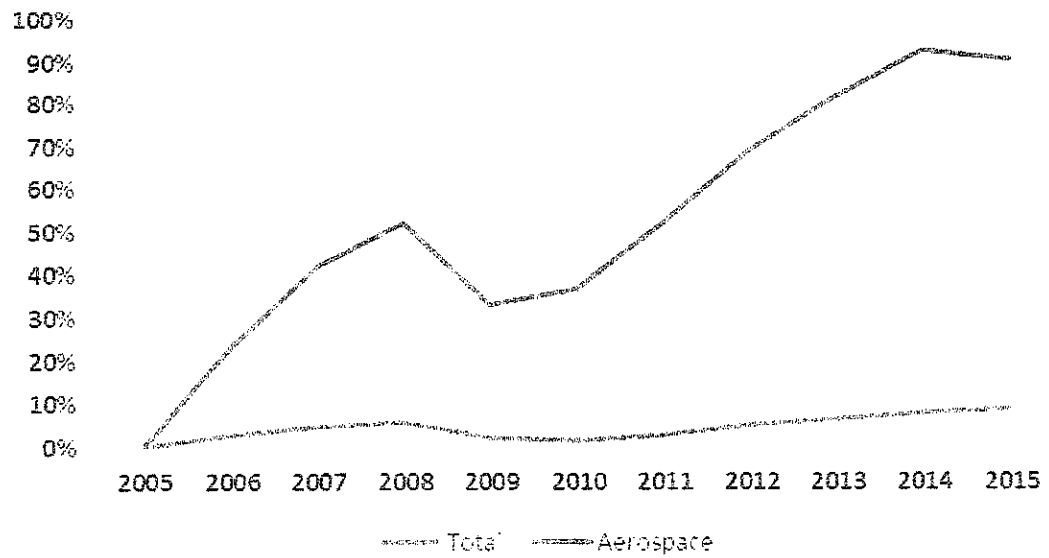
Georgia



North Carolina



Oklahoma



Kansas Aerospace Workforce Education Incentive Program

Employee

receives a tax credit of \$5,000 per year for five years.

Employer

receives a 50% tax credit for reimbursing tuition for employees (4 years) and

- Kansas graduates: A tax credit of 10% of compensation annually (\$15,000/5 year cap).
- Non-Kansas grads: A tax credit of 5% of compensation annually (\$7,500/5 year cap).

Modeled after Oklahoma legislation that resulted in over 500 engineering jobs with a payroll of over \$70 million (Oklahoma Chamber of Commerce)

"One of the factors in that Boeing told me was important to move employees from other states to Oklahoma is our aerospace engineers' tax credit. That families find attractive and we're one of very few states to have a tax credit." - Mary Fallin, Oklahoma Governor

The Oklahoma Aeronautics Commission credits the aerospace engineering tax credit for being part of the reason why Boeing relocated to Oklahoma, as well as creating engineering jobs at:

- Northrup Grumman
- Spirit Aerosystems
- Flight Safety
- NORDAM
- FAA Aeronautical Center

Currently Kansas receives zero tax dollars from jobs created in Oklahoma.