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TO: Sen. Caryn Tyson, Chair
Members, Senate Taxation Committee

FROM: Blake Schreck, President
Lenexa Chamber of Commerce

DATE: March 9, 2017

RE: Opposition to SB 222 – One Year Moratorium on PEAK

I appreciate this opportunity to share feedback regarding SB 222, which would institute a one-year moratorium on new awards under the PEAK program.

The PEAK program continues to be a critical asset in insuring that our state is prepared to globally compete for valuable projects that create quality jobs for Kansans and generate significant new revenue streams for the state, among them property taxes, income taxes, sales taxes, franchise taxes, and motor fuels taxes in addition to substantial economic spin-off generated not only by the company itself but its individual employees.

Indeed, a study by Legislative Post Audit released in December 2014 reviewing the economic impact of the state's economic development programs estimated that for each \$1 of temporarily foregone revenue invested through PEAK the state received \$57 of business activity and \$4.40 in state and local tax revenue in return. LPA went on to note that even when project companies later closed or left the state the return to Kansas was still positive and that, although different methodologies or assumptions could produce somewhat different results, those variations likely would not change overall results from positive to negative.

We compete every day for new jobs and investment, and while many factors impact a business's decision about where to locate, incentives can be an important component in that decision. With virtually all states offering increasingly aggressive incentive programs, unilaterally disarming a successful cornerstone economic development program would put Kansas at a significant competitive disadvantage in its effort to attract jobs, investment, and tax base – efforts more important now than ever.

I would strongly urge you to reject SB 222 and appreciate your time and consideration of this important economic issue.