



**House Committee on Commerce, Labor and Economic Development
Testimony in Support of Senate Bill 347-APEX Megaproject Legislation
Presented by Eric Stafford, Vice President of Government Affairs**

Monday, January 31, 2022

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state. We appreciate the opportunity to testify in support of Senate Bill 347- APEX megaproject legislation, which takes idea from two of our state's incentive programs and tailors a competitive incentive package for significant investment projects in our state.

HPIP and PEAK have been two of our state's most effective economic development incentive programs. HPIP offers a 10% income tax credit for capital investments of more than \$50,000 (\$1,000,000 in five metro counties), a sales tax exemption for the capital investment on their qualified facility, and a training tax credit up to \$50,000. PEAK offers businesses investing in the state to retain up to 95% of withholding taxes if creating at least five jobs in non-metro counties, and 10 jobs in metro counties, if those jobs pay above average county median wage for their respective industries.

The proposal before you today is narrowly tailored to projects greater than \$1 billion investment and includes oversight by the Secretary of Commerce to ensure commitments are kept. This proposed legislation is unique and aggressive because not only would the primary company seeking investment in our state qualify when meeting certain obligations, but so would their suppliers. This proposed incentive package is an aggressive attempt to reverse the decades-long decline in population by attracting significant investment opportunities to our great state. In an ideal world, incentives would not be necessary but until all 50 states agree to disarm from the incentives race, we must strive to ensure ours remain competitive while also considering comprehensive tax reform and overall rate reduction.

We would respectfully ask for two amendments to the bill. As passed by the Senate, a key provision removed from the bill in committee was the refundability of the 15% investment tax credit.

This component is critical for the investment project. The second piece was an amendment on the floor of a one-year sunset effective March 31, 2023. A sunset provision allowing for the Legislature to review the effectiveness of the program is not an issue. However, the one-year timeframe is too short and we believe creates a level of uncertainty of the state's commitment to the project. We would ask for this to be extended to 5 years.

In closing, Kansas has a great opportunity to attract a significant investment to our state that would result in thousands of new jobs. The Chamber advocates for passing policies that would help reverse the decades-long trend of population decline. This can be done through a combination of improvements to our state tax code, workforce development efforts, a sound legal and regulatory climate, and competitive incentive programs that place our great state in a competitive position. SB 347 adds another tool in our toolbox that the Department of Commerce can utilize to attract private sector investment. We appreciate the opportunity to testify in support of Senate Bill 347, and I am happy to answer any questions at the appropriate time.