



March 16, 2022

Chairperson Smith and Members of the Committee,

On behalf of the Wichita Regional Chamber of Commerce, thank you for the opportunity to testify in favor of S.B. 282, *AN ACT concerning income taxation; relating to credits, providing certain credits for graduates of aerospace and aviation-related educational programs and employers of program graduates.*

Wichita has long held the distinction and honor of being the Air Capital of the World. However, it's really the entire state of Kansas that deserves this honor, as aviation manufacturing and the associated supply chain reach all regions and corners of our great state. Kansas aviation manufacturing has helped win world wars, spurred tremendous advances in technology that extend even into modern medicine, and helped create a middle-class lifestyle that is the envy of the nation, if not the world.

Aviation manufacturing is an enormous contributor to the state general fund and a major driver of state GDP. It is one of the largest creators of primary jobs and drives our state's exporting economy. Thousands upon thousands of Kansans realize the American dream earning great wages with great benefits working in aviation manufacturing. Aviation manufacturing is a treasured jewel to the Kansas economy, its government, and its citizens.

It should, therefore, be no surprise that other states and nations seek to plunder our treasure. They pursue our companies and our workers in their efforts to drive their economies and grow their states. They are innovative and aggressive in their pursuits, offering cash and tax incentives along with infrastructure and training enhancements in hopes of luring away high paying jobs from here in the heartland.

It's working. Unfortunately for Kansas, the efforts by competing states have resulted in a large degree of success. **While Kansas has seen aviation employment decrease by 18% between 2005 and 2017, Georgia has seen a 13% increase. Oklahoma has seen an increase of 93%, while North Carolina has seen a staggering increase of 141%.** As the chart below demonstrates, while Kansas **lost 17,941** aviation sector jobs since 2001, three states alone **gained 16,113** aviation sector jobs.

<u>STATE</u>	<u>2001</u>	<u>2017</u>	<u>Difference</u>
Kansas	47,736	29,795	- 17,941
Georgia	29,795	20,663	+ 9,623
North Carolina	2,294	6,253	+3,959
Oklahoma	4,548	7,079	+2,531

The conventional wisdom is that Kansas lost aviation jobs due to the Great Recession and that the aviation sector has experienced a slow rebound. Conventional wisdom is only half correct. Kansas did lose aviation jobs during and because of the economic downturn, but the numbers have not remained low because of a sluggish comeback. They've not remained low because the jobs

didn't come back. **The jobs did come back. They just didn't come back to Kansas.** They've gone to other states that have outpaced Kansas in workforce development initiatives and better incentives designed to attract capital and create wealth.

Here is the good news. While the state should always endeavor to attract new aviation companies to Kansas, recruiting companies is not the primary solution. The companies are here. The jobs were here and are quickly returning. What's missing is a trained and capable workforce. There are still open and unfilled jobs in the advanced manufacturing sector of the Kansas economy. This despite temporary layoffs at some of the world's largest manufacturers of jets, airplanes and helicopters.

We would endeavor to help the Committee understand that those layoffs are temporary and a direct result of the grounding Boeing 737 Max and the COVID 19 Pandemic. The Max is now recertified to fly and, thankfully; light is appearing at the end of the COVID-19 tunnel. Aviation manufacturers and their supply chain suppliers are indeed beginning to hire again. One very troubling statistic is that approximately 60% of the aviation manufacturing workforce is eligible for retirement within the next 5 years. This means very simply, that despite a recovered and booming economy, Kansas, in the next half decade, will find itself in crisis mode when it comes to workers in one of the state's largest economic drivers. Therefore, it is imperative that we still seek solutions to long-term worker shortages. Those solutions are twofold. One, we need to create pathways for Kansans to get the degrees, certifications, and training necessary to qualify for these jobs - jobs that, on average, pay \$70,000 per year. And two, we need to create incentives for trained workers to move to Kansas.

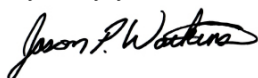
No silver bullet singularly solves this challenge. Solutions lie in a multi-prong approach that involves working with education, both K-12, community colleges, tech schools, and Regents institutions. It involves educating parents and students about the great opportunities in aviation manufacturing, including its safety and high-earning potential. It involves working with the federal government to better allow for the easier transition of members of the military to private sector employment and recruiting our service members serving abroad to return home after their service to work in our industry. It also involves the solutions contained in S.B. 282.

S.B. 282 would help Kansans afford degrees and technical certificates related to aviation manufacturing. It would also help aviation firms to recruit both residents and non-residents to take employment with Kansas aviation firms.

Finally, the fiscal note states that the Department of Revenue does not have enough information to estimate a cost. We do wish to remind the Committee that unfilled jobs in the aviation manufacturing sector are generating zero dollars in income for the state general fund (SGF). Despite the small and short-term tax credits issued in this bill, every new job filled through the efforts this legislation creates net positive income for the SGF.

Mr. Chairman and Members of the Committee, I once again thank you for this opportunity and respectfully request that you report S.B. 282 favorable for passage.

Very truly yours,



Jason P. Watkins