

Testimony: SB 342  
Senate Commerce Committee  
Thursday, March 8, 2007  
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Chairwoman Brownlee, Chairman Jordan, and members of the Committee:

The Greater Topeka Chamber of Commerce would like to express our support for the concepts embodied in SB 342, regarding tax credits for investment and job creation, with recommendations for changes in the threshold amounts.

This last summer, the President of the Greater Topeka Chamber of Commerce was asked by Secretary of Revenue Wagon to participate in a working group to review Kansas tax policy and recommend changes that could make our state more competitive. He and the other members of the working group were able to make suggestions and propose concepts intended to help grow the Kansas economy. SB 342 embodies some of those recommendations.

This bill proposes to modify the investment and jobs tax credit programs currently available to qualified companies growing and locating in Kansas. For some businesses the unwieldy nature of the current programs and the uncertainty of gaining or retaining the credits from year to year has been a disincentive to participate. This legislation makes significant strides to simplify the process to utilize the tax credits, which we greatly appreciate.

One of the challenges within the proposed legislation is the significant hike in the thresholds required to attain the tax credits. SB 342 requires \$1 million in new investment, instead of the current \$50,000 and the creation of 20 new jobs instead of 2 manufacturing jobs (or 5 non-manufacturing jobs) in existing law. This is a significant departure from what are now the current thresholds to access the program. We are concerned these very high investment and job creation requirements will result in many small and mid-sized companies no longer eligible to participate. The program will have become simplified but less effective. Our state and community may miss some great opportunities to assist smaller companies today in growing to become the giants of industry tomorrow. The Topeka Chamber would like to express our support for the proposed threshold changes offered by the Kansas Chamber of Commerce; \$150,000 in investment and 10 new jobs over a two-year period.

We commend the Commerce Committee for your efforts to further encourage the growth of investment and jobs in Kansas. In the past this Committee has been very supportive of efforts here in the capital city as we work to retain and grow our local business and industry. Additionally, a giant step was made last year by the Legislature and Administration with the removal of property tax on newly purchased machinery and equipment. We greatly appreciate that all actions that make our state more competitive and business-friendly. We all benefit with the creation of more jobs and more investment anywhere in Kansas; you have been a significant partner in this goal.

As you continue to examine state policy to incent the growth of business, we would suggest an examination of the possibility of providing cash-based, front-end incentives. Other states are already out there with such programs and are having great success. Many companies who are ready to expand or build find the early costs of growing their business most challenging, cash assistance can be a very attractive means to draw their interest when they are making location decisions.

Locally, the citizens of Shawnee County have seen the benefit of using local tax revenues to provide similar cash support; these front-end investments have assisted our efforts to attract new investment and jobs and retain companies on the verge of leaving our community. The state's involvement in a similar program could enhance our local efforts and assist all Kansas communities in their efforts to draw new business investment and jobs.

We encourage your support for SB 342 with modifications provided by the Kansas Chamber to make it more effective. Thank you for the opportunity to address this important issue today.