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**Testimony on HB 2136**

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**House Taxation Committee**

Mr. Chairman and members of the committee, thank you for the opportunity to testify. I'm Bernie Koch with the Kansas Economic Progress Council, a statewide not for profit organization of businesses, trade associations, chambers of commerce, and individuals.

We oppose House Bill 2136. Respected empirical studies have shown investment in infrastructure to be a major factor in economic growth. The investment by the Eisenhower Administration in the interstate system is widely credited with the strong economic growth experienced by the U.S. from the end of World War II to the 1960s.

Likewise, Japan's infrastructure investment following the war is often given as the major reason for the rapid rebuilding of its industrial sector and the resulting economic boon. In fact, Japan's current government is investing heavily in public infrastructure now as a way to boost that country's economy.

Each year, Area Development Magazine, the major publication of economic development professionals, conducts a survey of business decision-makers about the most important factors when making decisions on new locations or expansions. Once again, highway accessibility is the top-ranked factor with 93.8 percent of those surveyed indicating it's very important or important.

It's important because it contributes to wealth. Wealth is measured by Gross Domestic Product, which is the monetary value of all the finished goods and services produced within a government unit's borders in a specified time period. Better infrastructure, particularly highways, allows higher productivity, which results in greater wealth.

At the end of this testimony is the complete list of major factors from the latest Area Development survey.

Thank you for your attention to this information. We strongly oppose HB 2136 and urge you not to support it.

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Combined Ratings* of 2011 Factors		Corporate Survey 2011	
		2011	2010
<b>Ranking</b>			
1.	Highway accessibility	93.8	97.3 (1)**
2.	Labor costs	88.4	91.0 (2)
2T.	Availability of skilled labor	88.4	85.9 (7)
4.	Corporate tax rate	86.0	86.3 (6)
5.	Occupancy or construction costs	85.9	89.8 (4)
5T.	State and local incentives	85.9	89.3 (5)
7.	Energy availability and costs	84.8	82.1 (9)
8.	Tax exemptions	83.6	90.9 (3)
9.	Proximity to major markets	83.0	66.4 (17)
10.	Low union profile	81.0	75.4 (11)
11.	Inbound/outbound shipping costs	79.2	84.0 (8)
12.	Right-to-work state	77.5	67.9 (16)
13.	Availability of advanced ICT services	76.6	72.9 (14)
14.	Environmental regulations	76.4	74.8 (12)
15.	Available buildings	76.3	81.0 (10)
16.	Available land	73.9	73.4 (13)
17.	Expedited or "fast-track" permitting	72.4	68.2 (15)
18.	Availability of long-term financing	70.0	58.5 (20)
19.	Proximity to suppliers	67.8	63.6 (18)
20.	Availability of unskilled labor	58.9	45.4 (23)
21.	Accessibility to major airport	55.7	50.0 (22)
22.	Raw materials availability	52.8	61.5 (19)
23.	Training programs	50.6	56.7 (21)
24.	Proximity to technical college/training	40.2	36.1 (24)
25.	Railroad service	33.6	36.0 (25)
26.	Waterway or oceanport accessibility	24.5	21.9 (26)
<b>Quality-of-life factors</b>			
<b>Ranking</b>			
1.	Low crime rate	82.0	84.6 (1)
2.	Healthcare facilities	71.0	72.2 (2)
3.	Housing costs	69.9	68.4 (3)
4.	Ratings of public schools	68.8	61.2 (5)
5.	Housing availability	64.1	66.4 (4)
6.	Colleges and universities in area	56.6	53.2 (7)
7.	Recreational opportunities	53.2	48.2 (9)
8.	Climate	52.2	56.3 (6)
9.	Cultural opportunities	42.8	48.7 (8)

\*All figures are percentages and are the total of "very important" and "important" ratings of the Area Development Corporate Survey and are rounded to the nearest tenth of a percent.

\*\*(2010 ranking)