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March 15, 2024

Senate Committee on Assessment and Taxation

Hearing held on March 19, 2024, Room: 548-S

Written testimony submitted for Senate Bill 546: Decreasing the corporate income tax rate, discontinuing tax credits of the high-performance incentive program and payroll withholding tax benefits of the promoting employment across Kansas act and repealing certain unused tax credits.

Opposition Testimony to SB 546 by Stacy L. Davis

Dear Chairwoman Tyson and Senate Committee on Assessment and Taxation:

Thank you for taking the time to read my written testimony. My name is Stacy Davis. I am the Executive Director for Sumner County Economic Development Commission. Sumner County is in south-central Kansas, twenty-three miles south of Wichita and abutting the Oklahoma border. The County encompasses 1,185 square miles and the population in 2020 was 22,382. According to the U.S. Census Bureau website, Sumner County's population has declined by 1,750 from 2010 to 2020, yet employment opportunities have increased with the expansion of GKN and Buffco, and new companies like Pinnacle, Elite Harness, and Metals USA opening. All these companies benefited from HPIP and PEAK.

While reducing the corporate income tax will assist all corporations, doing it by eliminating targeted incentives will stymie growth and investment in Kansas. Growth that Sumner County has not seen in years. For perspective, in FY23 the PEAK program increased jobs in the state by 2,224 through 28 new agreements. Pinnacle Aerospace was one of those new agreements. Investing \$14.7 million in a new facility, creating 155 high paying quality jobs, and renewing life into a community that had seen its loss of a major employer, TECT, just 18 months prior. Pinnacle Aerospace's investment spurred additional growth with the announcement of Elite Harness selecting Wellington as its new facility. Utilizing these same programs, PEAK and HPIP, Elite Harness is refurbishing a manufacturing facility by investing \$14 million and creating 110 new jobs. So, my question to you is why would you want to eliminate programs that have proven to be successful for growth, especially in rural areas such as Sumner County?

Economic development is a very competitive process, with the competition getting more intense. Kansas has many positive qualities going for it, such as good transportation systems, a strong work ethic, a right-to-work state, being centrally located, and top-notch educational systems, but our neighboring states can make similar claims. We compete most directly with neighboring states in our

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region, and since COVID this competition has become even more aggressive as companies look to relocate to the Midwest. There is no doubt that programs like PEAK and HPIP have a positive effect on job creation in Kansas, especially rural Kansas. Attracting new business to the state and most importantly, the expansion of Kansas businesses, is greatly influenced by these incentives.

This bill harms cities, businesses, and citizens. These economic tools are used by cities to create needed economic development, by businesses to reduce costs of projects, and help citizens by bolstering job opportunities and replenishing rural population. Rural economic developer's toolboxes are very limited with incentive tools. Programs like PEAK and HPIP, both proven successful, are used as tools to encourage the investment of capital and the creation of jobs in the State, especially in rural areas (counties). These incentives level the playing field with other states. Taking these tools away would make Kansas less competitive and cost the State the loss of business in the future.

As a rural economic developer opposed to SB 546, I am asking the committee to deny this bill from passage. Thank you for your time and consideration.

Stacy L. Davis

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