

Approved: April 4, 2008

Date

MINUTES OF THE HOUSE ECONOMIC DEVELOPMENT AND TOURISM COMMITTEE

The meeting was called to order by Chairman Lana Gordon at 1:30 P.M. on April 3, 2008 in Room 783, Docking State Office Building.

All members were present except:

Geraldine Flaharty- excused
Gary Hayzlett- excused
Judy Morrison- excused
Robert Olson- excused
Vern Swanson- excused
Annie Tietze- excused
Ron Worley- excused

Committee staff present:

Jason Long, Office of the Revisor of Statutes
Matt Todd, Office of the Revisor of Statutes
Ann Deitcher, Committee Assistant

Conferees appearing before the committee:

Andrew Schlapp, Sedgwick County Governmental Relations Director
Steve Kelly, Dept. Of Commerce
Bud Burke

SENATE Substitute for HB 2006 - concerning the economic revitalization and reinvestment act; relating to the secretary of commerce and the Kansas development finance authority; authorizing the issuance of bonds for certain economic development projects.

In addressing the Committee as a proponent of **HB 2006**, Bud Burke stressed the importance of showing the intention of the legislation was to ensure the inclusion of employees of service centers specifically meant only aviation employees of service centers.

Andrew Schlapp provided information regarding the impact of aviation to the State of Kansas. (Attachments 1 through 6).

The Chair thanked the Committee for their time and the meeting was adjourned at 2:15 p.m. No future meetings are scheduled at this time.



COUNTY MANAGER'S OFFICE

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Andrew J. Schlapp
Director, Government Relations

TESTIMONY S Sub for HB 2006
Senate Commerce
April 1, 2008

Chairs Brownlee and Jordan and members of the committee, my name is Andy Schlapp, Governmental Relations Director for Sedgwick County. Thank you for the opportunity to provide this testimony in support of S Sub for HB 2006.

Sedgwick County Understands the impact of aviation to the State of Kansas. Kansas is the aviation cluster of the world. We provide the planes that allow American aviation to dominate the global marketplace with a 60% market share. Aviation is the number one net export of America and Kansas. 22% of the State General Fund comes from aviation.

Kansas has the trained workforce, aviation engineers, large supplier base, state of the art Research provided by NIAR, and the development of the National Center of Aviation Training to provide workers with the needed training for the new aviation platforms.

Aviation is looking at its largest growth cycle in its history. All of the aviation companies are looking to expand capacity and develop new product lines. Kansas must capture these new projects or we will suffer the Fate of Detroit.

Kansas must add new tools to its economic tool box so that we can compete for aviation and other jobs in Kansas. While this bill will not solve all our competitive issues in retaining and attracting jobs to Kansas it goes a long way in making Kansas competitive in the marketplace. Sedgwick County strongly supports this bill and asks for your support.

Keeping & Growing the Aviation Industry in Kansas

The Aviation Industry in Kansas drives our regional and State economies. All of the aviation companies are experiencing significant growth and are expanding with new aviation products to meet worldwide demand. This growth means great opportunities for Kansas...

The Immediate Opportunity...

for Kansas to win the facility to design and manufacture Cessna's Citation Columbus, the company's first large cabin business jet.

What Cessna's \$800 million investment in this project means for Kansas...

- Investment in facilities, buildings and machinery and equipment, research and development, engineering, tooling, additional aprons to the airport runways, etc.
- 1,010 high-paying new jobs
- Annual payroll - \$74 million

For each \$1 the State invests in this project, they will get \$2.14 back.

(Analysis by WSU, Center for Economic Development and Business Research)

Facts about the aviation industry in Kansas:

- \$1.3 billion of the State's \$5.9 billion budget is related to the aviation industry
- The economic impact for the Kansas aviation industry is **more than \$95 billion over 10 years**
- Aviation is the leading exporter in the State, and grew by 21% in 2007
- There are more than 40,000 aviation-related jobs in Kansas...each generates an additional 2.9 jobs

The Immediate Need...

Cessna wants to do this project in Kansas. Because of relationships, they are offering us the chance to address competitive needs.

Kansas has offered an incentive package that is the foundation to get us into the game of recruiting a project of this size. But to be competitive enough and compete for Kansas jobs, we need to provide \$25 million tied to the economic impact and capital investment over a period of two to four years. For that additional \$25 million alone, the State would have a yearly return of \$53.5 million in additional revenue.



Sedgwick County...
working for you

KANSAS
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Economic Development & Tourism

Date: 4-3-08

Attachment # 2-1

Our Advantage...

We have GREAT relationships with all of our aviation companies — unfortunately that doesn't equal to the huge cash incentives offered by other states. Communities and states are trying to lure our aviation companies with *significant* incentive packages.

We have *assets* to help us be competitive with the aviation industry in Kansas:

- Wichita State University's National Institute of Aviation Research (NIAR) — 70% of all FAA composites research
- Sedgwick County's National Center for Aviation Training — a \$54 million investment in business-driven technical education to meet skilled worker needs
- Access to large aviation supplier base across the state
- Availability to potential workforce, including engineers
- Local and State economic development incentives that provide for tax credits, exemptions or abatements.

However, what we've learned is that there is a changing competitive climate for our businesses — and we need to change our strategies for expanding and attracting businesses so we do not lose economic growth opportunities.

- We need to have access to new tools, such as having a cash fund available throughout the year to assist companies.
- Based on competitive offers from other states and communities, we have to change our models for assistance — we need to connect grants to the capital and other company investments in these projects, not just the jobs they bring.

We want to show Cessna and the other communities that are trying to lure this valuable project that Kansas is a business-friendly state. Our aviation companies are growing, they are creating new product lines — they want to be here — and, we want them to prosper here in Kansas.

We need your help in finding a solution for the additional \$25 million needed to seal this deal, and to help create new economic development tools that will give Kansas a competitive advantage in the future.

Facts about Cessna Aircraft Company:

- A wholly owned subsidiary of Textron, Inc.
- 11,500 Kansas employees, 15,500 worldwide
- Cessna is the largest employer in the Wichita area.
- In 2007, Cessna set new company record with 700 jet orders — half international

"Employment in the Kansas aerospace industry is expected to experience growth over the next 10 years based on some key assumptions. That Kansas continues to be a national and world center of aerospace manufacturing activity is the fundamental assumption underlying this forecast. Given the size and skill level of the workforce, this would seem to be reasonable."

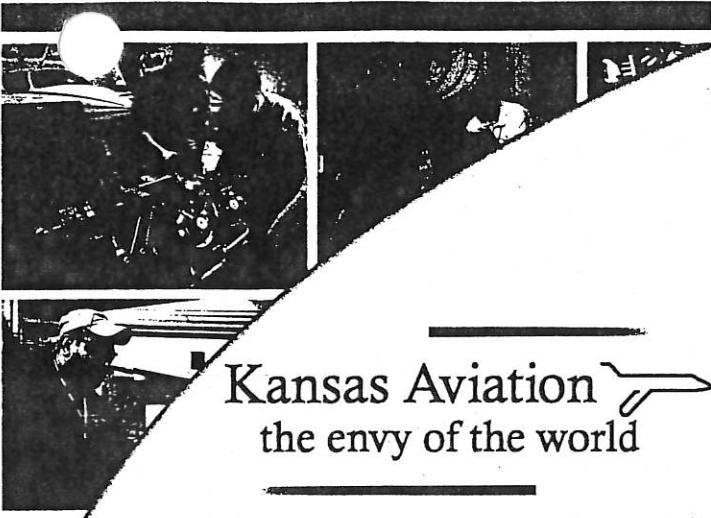
"Kansas Aerospace Industry Forecast,"
Wichita State University,
Center for Economic Development
and Business Research



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2-2



Kansas Aviation the envy of the world

World View

- 1985 - U.S. had nearly 80% of aerospace sales in the world
- Today, 60% - still largest, but losing market share
- Biggest competitors today:
 - European Union Canada Brazil
- Future competition from China
 - Goal to become the world's 2nd largest aviation market
 - Shanghai Aircraft Manufacturing plans to self-develop jumbo passenger aircraft by 2020
- Others: Mexico Japan Russia

National View

- Aviation manufacturing is the #1 net export in the US
- Aviation manufacturing employment is at its lowest point in 40 years
- 27% of the aviation manufacturing workforce is eligible for retirement in 2008 (40% over the next 5 years)
- 70% of FAA Composites Research at NIAR (WSU)

State View

- Kansas is the aviation cluster for research and manufacturing
- Aviation manufacturing is the largest export for Kansas
- 50% of all U.S. general aviation manufactured in Kansas
- \$1.3 billion of the State's \$5.9 billion budget related to the aviation industry
- Every state dollar invested in aviation research generates \$11.60 in federal and industry investments

Kansas Aviation

Research – Training – Manufacturing



Aviation is important to Kansas

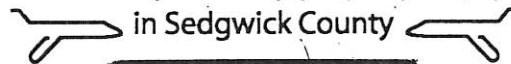
Kansas Aviation

Research – Training – Manufacturing

Local View

- Aviation companies are largest employers (36,500 aviation-related jobs in Sedgwick County)
- Aviation payroll expected to increase 8.9% annually
- Each aviation job generates 2.9 additional jobs

Aviation companies top property taxpayers
in Sedgwick County



- 1 Westar
- 2 Spirit
- 3 Southwestern Bell
- 4 Wesley Medical Center
- 5 Cessna
- 6 Boeing IDS
- 7 Simon Property Group
- 8 Hawker Beechcraft

- WSU's National Institute of Aviation Research (NIAR) was named an FAA Center of Excellence for Advanced Materials, and NASA Center for Advanced Materials Performance and Center of Excellence for Aging Aircraft
- Employees of largest aviation companies provide Wichita and Sedgwick County \$37.1 million in property and sales taxes
- Sedgwick County aviation companies need 5,000 skilled workers in 2007, and another 1,000 each year for the next 10 years - all in addition to 12,000 workers needed for retirement replacement
- Business-driven, high-tech training needed to meet aviation and manufacturing job needs

Kansas Aviation the envy of the world



Economic Development & Tourism

Date: 4-3-08

Attachment # 3-1

Aviation


**WICHITA STATE
UNIVERSITY**

Center for Economic Development and Business Research,
W. Frank Barton School of Business, Wichita State University

Fiscal Impact of Proposed Cessna Expansion, Wichita, Kansas
Prepared March 28, 2008

The Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University was asked to estimate the potential economic and fiscal impacts of a proposed expansion by Cessna on the state of Kansas.

In the preparation of this report, the Center for Economic Development and Business Research assumed that all information and data provided by Cessna and Kansas Department of Commerce are accurate and reliable. CEDBR did not take extraordinary steps to verify or audit such information, but relied on such information and data as provided for purposes of the project.

This analysis requires CEDBR to make predictive forecasts, estimates and/or projections (hereinafter collectively referred to as "FORWARD-LOOKING STATEMENTS"). These FORWARD-LOOKING STATEMENTS are based on information and data provided by others and involve risks, uncertainties and assumptions that are difficult to predict. The FORWARD-LOOKING STATEMENTS should not be considered as guarantees or assurances that a certain level of performance will be achieved or that certain events will occur. While CEDBR believes that all FORWARD-LOOKING STATEMENTS it provides are reasonable based on the information and data available at the time of writing, actual outcomes and results are dependent on a variety of factors and may differ materially from what is expressed or forecast. CEDBR does not assume any responsibility for any and all decisions made or actions taken based upon the FORWARD-LOOKING STATEMENTS provided by CEDBR.

CEDBR used the following project assumptions in the preparation of this analysis:

- Cessna would hire 1,009 workers over a ten-year period. In 2009, its first year of operations, 724 workers would be hired (70%), in 2012, its fourth year of operations an additional 285 (30%) workers would be hired. The average annual wage is estimated to be \$73,412 in year one. Wages would increase by 3.5 percent each year thereafter.
- Fifty percent of all wages would be spent on items subject to the retail sales tax¹.

¹ Based on the CEDBR Fiscal Policy Model

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W. Frank Barton School of Business, Wichita State University

- Cessna would make a \$150 million capital investment in buildings and improvements of which:
 - Fifty percent would be spent on construction wages and
 - Fifty percent would be spent on construction materials and supplies subject to the retail sales tax

- Of the \$75 million in taxable construction materials:
 - \$50 million would be taxable in the city of Wichita
 - \$60 million would be taxable in Sedgwick County
 - \$75 million would be taxable in the state of Kansas

- Cessna would make a \$50 million capital investment in machinery and equipment.

CEDBR used incentive values in the preparation of this analysis as obtained from the Kansas Department of Commerce proposal dated January 25, 2008:

- Cessna would receive \$10 million in direct financial assistance
- Cessna would receive \$34,108,500 in credits and savings from the Enterprise Zone Job Credit, HPIP Program Investment Tax Credit and Sales Tax Exemption

To summarize the economic impacts over the 10-year analysis period from 2008 to 2018:

- The initial construction phase (2008) of the Cessna project would support 2,286 construction employees with a payroll totaling \$75 million. Taking into account the multiplier impacts (indirect and induced impacts), Cessna's construction activity would support 4,389 positions in the Wichita area during 2008 with an estimated payroll of \$133.2 million.

- Cessna would directly support 724 positions in the first year of operations. By the fourth year of operations, Cessna would directly support 1,009 positions. Factoring in wage increases and inflation, direct payroll would total \$804 million over the 10-year analysis period.

- Taking into account the multiplier impacts (indirect and induced impact), Cessna's firm operations would support 3,939 positions in the Wichita area annually with an estimated payroll for the 10-year analysis period of \$1.78 billion.


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To summarize the fiscal impacts over the 10-year analysis period from 2008 to 2018:

Fiscal impacts are usually estimated using two measures 1) a return on investment percentage and 2) a benefit-cost ratio. These measures view the taxing entities' expenditures as a public investment. Public benefits are measured by tax collections. If public benefits exceed public costs then the rate of return is greater than 100 percent and the benefit-cost ratio is greater than 1. For example, a benefit-cost ratio of 1.55 shows benefits during the relevant analysis period of 155 percent of public costs. In other words, for every \$1 of public expenditures the taxing entity receives back that dollar plus another 55 cents. Conversely, a benefit-cost ratio of 0.75 shows that public benefits are only 75 percent of public costs – costs exceed benefits. In other words, for every \$1 of public expenditures the taxing entity receives back only 75 cents.

An opportunity cost exists for the use of public funds for business incentives. If public funds were not used for the business incentives, they would be available for alternative use. Estimating the potential economic impact of alternative uses of these opportunity costs was beyond the scope of this analysis.

In Kansas the general rule of thumb, is that economic development incentives should generate a benefit-cost ratio of 1.3 or greater for relevant taxing jurisdictions. Based on this CEDBR analysis, the tax revenues generated from the construction and operation of the Cessna expansion would support the proposed business incentives from the state of Kansas while maintaining a 3.56 benefit-cost ratio.

To summarize the fiscal impacts over the 10-year analysis period from 2008 to 2018 with the proposed state of Kansas incentives:

- The city of Wichita: Estimated revenues over the 10-year analysis period would total \$22.6 million while costs would total an estimated \$1.4 million.² The rate of return on the investment would be 1501 percent with a benefit-cost ratio of 16.01.
- Sedgwick County: Revenues would be an estimated \$15.9 million over the 10-year analysis period while costs³ would be an estimated \$808,815. The rate of return on the investment would be 1,861 percent with a benefit-cost ratio of 19.62.

² Benefits and costs shown have been discounted over the 10-year analysis period.

³ In conducting this analysis the CEDBR estimated fiscal costs that would arise from providing government services to new residents. Fiscal benefits also would arise from new employee purchases or contributions to government-supported venues.

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- The state of Kansas: Revenues would be an estimated \$122.7 million over the 10-year analysis period while costs would be an estimated \$34.5 million. The rate of return on the investment would be 255.8 percent with a benefit-cost ratio of 3.56.

| | Benefit/Cost Ratio | Return on Investment |
|-----------------|--------------------|----------------------|
| City of Wichita | 16.01 | 1501% |
| Sedgwick County | 19.62 | 1862% |
| State of Kansas | 3.56 | 256% |

Impact of Additional Cash Incentives: fiscal impacts over the 10-year analysis period from 2008 to 2018:

The Center ran a second analysis. The only change in the analysis from that above was the additional assumption that the state of Kansas would provide cash incentives – specifically four equal payments of \$6.250 million starting in 2008. Based on these revised incentive amounts the ROI and benefit-cost ratios for the package would be:

| | Benefit/Cost Ratio | Return on Investment |
|-----------------|--------------------|----------------------|
| City of Wichita | 16.01 | 1501% |
| Sedgwick County | 19.62 | 1862% |
| State of Kansas | 2.14 | 114% |

DATE OF ANALYSIS
TIME OF ANALYSIS
VERSION OF ANALYSIS

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| PROJECT SUMMARY (no multipliers, no substitution) | |
|--|-------------------|
| Company Name | Project Log Cabin |
| Number of new jobs for 10-year period | 1,010 |
| Amount of payroll for 10-year period | \$412,355,204 |
| Amount of capital investment for 10-year period | \$200,000,000 |
| Land | \$0 |
| Buildings | \$150,000,000 |
| Machinery and Equipment | \$50,000,000 |

| INCENTIVE SUMMARY | |
|----------------------------------|-----------|
| City Incentives - Wichita | 5,000,000 |
| Tax abatement | 0 |
| Sales tax exemption | 0 |
| Forgivable loans | 5,000,000 |
| Training dollars | 0 |
| Infrastructure | 0 |
| Cash value all other incentives | 0 |

| | |
|-------------------------------------|-----------|
| County Incentives - Sedgwick | 5,000,000 |
| Tax abatement | 0 |
| Sales tax exemption | 0 |
| Forgivable loans | 5,000,000 |
| Training dollars | 0 |
| Infrastructure | 0 |
| Cash value all other incentives | 0 |

| | |
|---------------------------------|---|
| State Incentives | 0 |
| Tax abatement | 0 |
| Sales tax exemption | 0 |
| Forgivable loans | 0 |
| Training dollars | 0 |
| Infrastructure | 0 |
| Cash value all other incentives | 0 |

| | |
|---|---|
| School District Incentives - 259 Wichita | 0 |
| Tax abatement | 0 |
| Sales tax exemption | 0 |
| Forgivable loans | 0 |
| Training dollars | 0 |
| Infrastructure | 0 |
| Cash value all other incentives | 0 |

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| TAX ABATEMENT PARAMETERS | |
|--------------------------|------|
| <i>Real Property</i> | |
| Number of years | 0 |
| Percentage | 0.0% |
| <i>Personal Property</i> | |
| Number of years | 0 |
| Percentage | 0.0% |

| CONSTRUCTION IMPACTS | |
|-------------------------|---------------|
| Jobs Multiplier | 1.9202 |
| Earnings Multiplier | 1.7759 |
| Direct jobs | 2,286 |
| Direct payroll earnings | \$75,000,000 |
| Total jobs | 4,389 |
| Total payroll earnings | \$133,192,500 |

| SUBSTITUTION | |
|--|-------------------------------|
| Firm NAICS code | 336411 Aircraft manufacturing |
| Substitution percentage applied to firm operations | 0.0% |

| FIRM MULTIPLIERS (Ongoing Operations) | |
|---------------------------------------|--------|
| Jobs | 3.9037 |
| Earnings | 2.2151 |

| ECONOMIC IMPACT OF FIRM OPERATIONS | |
|--------------------------------------|-------|
| <i>Number of jobs 10-year period</i> | |
| Direct | 1,010 |
| Total | 3,943 |

| | |
|--|---------------|
| <i>Payroll earnings for 10-year period</i> | |
| Direct | \$412,355,204 |
| Total | \$913,408,012 |



Center for Economic Development and Business Research
 Wichita State University
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| FISCAL IMPACT | |
|---------------------------------------|-------------------|
| City Fiscal Impacts. - Wichita | |
| | Discounted |
| Present value of net benefits | \$12,058,633 |
| <i>Rate of Return on Investment</i> | |
| Net public benefits 10-year period | \$12,058,633 |
| Public costs 10-year period | \$5,231,876 |
| ROI | 230.5% |
| <i>Benefit-Cost Ratio</i> | |
| Public benefits 10-year period | \$17,290,509 |
| Public costs 10-year period | \$5,231,876 |
| Benefit-Cost Ratio | 3.30 |

| | |
|--|-------------------|
| County Fiscal Impacts. - Sedgwick | |
| | Discounted |
| Present value of net benefits | \$8,204,409 |
| <i>Rate of Return on Investment</i> | |
| Net public benefits 10-year period | \$8,204,409 |
| Public costs 10-year period | \$5,084,984 |
| ROI | 161.3% |
| <i>Benefit-Cost Ratio</i> | |
| Public benefits 10-year period | \$13,289,393 |
| Public costs 10-year period | \$5,084,984 |
| Benefit-Cost Ratio | 2.61 |

| | |
|-------------------------------------|-------------------|
| State Fiscal Impacts | |
| | Discounted |
| Present value of net benefits | \$64,095,266 |
| <i>Rate of Return on Investment</i> | |
| Net public benefits 10-year period | \$64,095,266 |
| Public costs 10-year period | \$2,102,949 |
| ROI | 3047.9% |
| <i>Benefit-Cost Ratio</i> | |
| Public benefits 10-year period | \$66,198,215 |
| Public costs 10-year period | \$2,102,949 |
| Benefit-Cost Ratio | 31.48 |

| | |
|--|-------------------|
| School District Fiscal Impacts. - 259 Wichita | |
| | Discounted |
| Present value of net benefits | \$2,155,857 |
| <i>Rate of Return on Investment</i> | |
| Net public benefits 10-year period | \$2,155,857 |
| Public costs 10-year period | \$0 |
| ROI | NA |
| <i>Benefit-Cost Ratio</i> | |
| Public benefits 10-year period | \$2,155,857 |
| Public costs 10-year period | \$0 |
| Benefit-Cost Ratio | NA |

4-7

PCL XL error

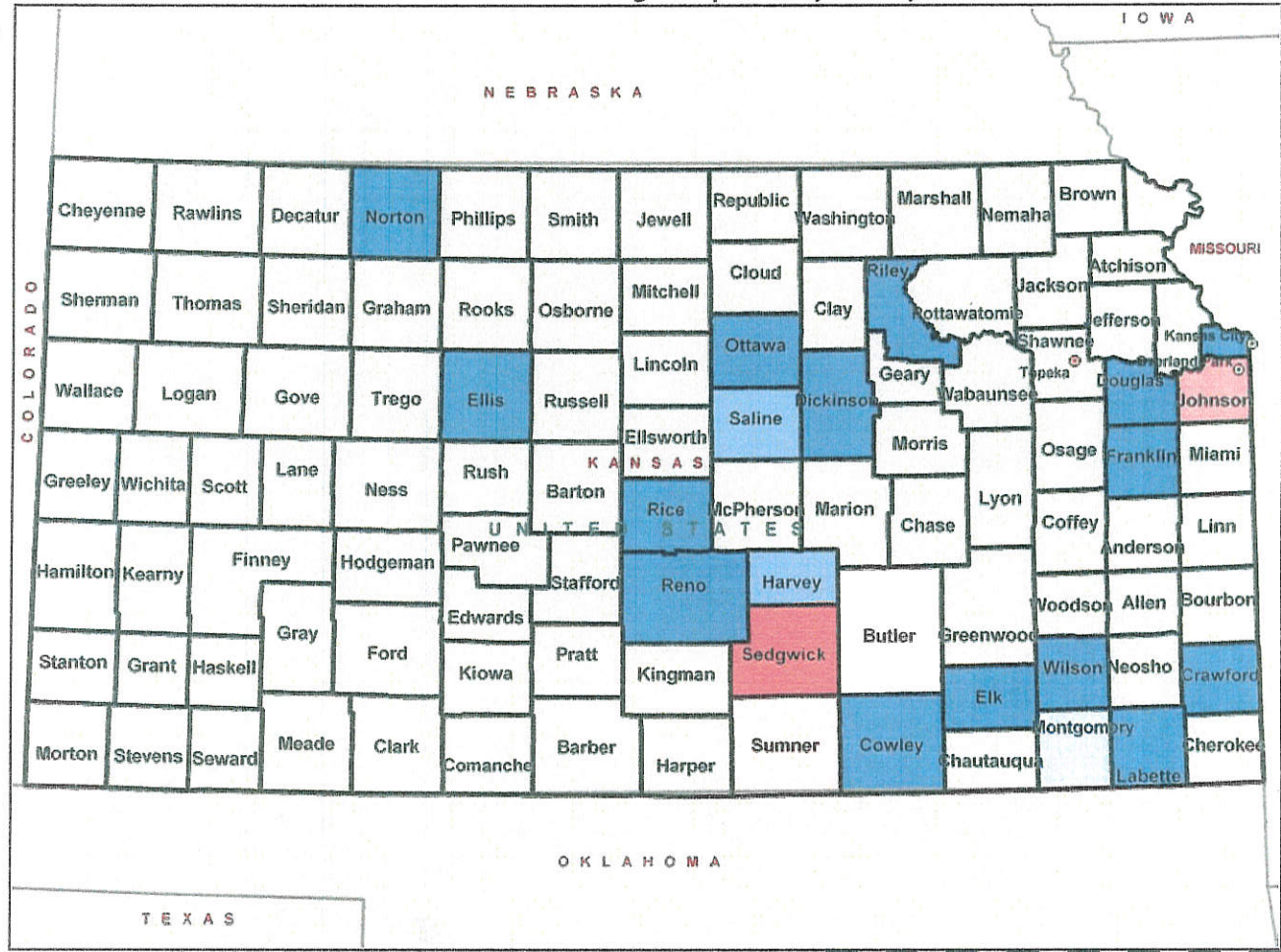
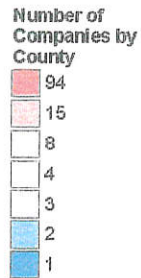
Subsystem: TEXT

Error: InsufficientMemory

Operator: Text

Position: 2279

Number of Aviation Manufacturing Companies by County



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McGinn

6-5

**Aviation Manufacturing Companies in Kansas by County, then Number of Employees, then Company Name Alphabetized
Includes only those companies with 20 or more employees**

CEDBR has attempted to compile a comprehensive list of aviation manufacturing companies from the four sources shown at the bottom of the page. However, CEDBR cannot guarantee the accuracy of this list, as it is dependent on the accuracy of our sources when they were published. Any or all data about individual companies may have changed since publication in these sources.

Butler County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|-----------------------|--------------------------|---------------|----------------|--------------|--------|---------------------|
| Missile Systems, Inc. | 14336 S.W. Indianola Rd. | Augusta | KS | 67010 | Butler | 40 |
| Century Plastics Inc | 126 S Griffith St | El Dorado | KS | 67042-3434 | Butler | 20 to 49 |
| Sigma Tek Inc | 1001 Industrial Rd | Augusta | KS | 67010-9500 | Butler | 50 to 99 |
| D-J Engineering Inc | 219 W 6th Ave | Augusta | KS | 67010-1251 | Butler | 100 to 249 |

Cowley County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|---------------|------------------|---------------|----------------|--------------|--------|---------------------|
| Ge Engine Svc | PO Box 797 | Arkansas City | KS | 67005-0797 | Cowley | 1,000 to 4,999 |

Crawford County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|-----------|------------------|---------------|----------------|--------------|----------|---------------------|
| Depco Llc | 3305 Airport Dr | Pittsburg | KS | 66762-8567 | Crawford | 100 to 249 |

Dickinson County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|----------------------------|----------------------|---------------|----------------|--------------|-----------|---------------------|
| Brierton Engineering, Inc. | 1200 S. Buckeye Ave. | Abilene | KS | 67410 | Dickinson | 20 |

Douglas County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|--------------------|------------------|---------------|----------------|--------------|---------|---------------------|
| McFarlane Aviation | 696 E 1700th Rd | Baldwin City | KS | 66006-7351 | Douglas | 20 to 49 |

Elk County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|----------------|------------------|---------------|----------------|--------------|--------|---------------------|
| Kelly Mfg. Co. | 311 N. Cana St. | Grenola | KS | 67346 | Elk | 25 |

Ellis County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|---------|-------------------------|---------------|----------------|--------------|--------|---------------------|
| Rans CO | 4600 US Highway 183 Alt | Hays | KS | 67601-9736 | Ellis | 50 to 99 |

Franklin County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|-------------------------------|------------------|---------------|----------------|--------------|----------|---------------------|
| C O F Training Services, Inc. | 1516 Davis Ave. | Ottawa | KS | 66067 | Franklin | 56 |

5-3

Harvey County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|----------------------|-------------------|---------------|----------------|--------------|--------|---------------------|
| Entz Aerodyne CO | 1206 N Airport Rd | Newton | KS | 67114 | Harvey | 20 to 49 |
| Avcon Industries Inc | 516 N Oliver Rd | Newton | KS | 67114-9403 | Harvey | 50 to 99 |

Johnson County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|---------------------------------|------------------------|-----------------|----------------|--------------|---------|---------------------|
| Keddeg Co. | 10700 Pflumm Rd. | Lenexa | KS | 66215 | Johnson | 20 |
| Akro Fireguard Products, Inc. | 9001 Rosehill Rd. | Lenexa | KS | 66215 | Johnson | 22 |
| Numerical Control Support, Inc. | 21945 W. 83rd St. | Lenexa | KS | 66227 | Johnson | 45 |
| Butler National Corp | 1514 W Spruce St | Olathe | KS | 66061-5063 | Johnson | 20 to 49 |
| Ted Manufacturing Corp | 11415 Johnson Dr | Shawnee Mission | KS | 66203-2696 | Johnson | 20 to 49 |
| Hisonic, Inc. | 310 N. Marion St. | Olathe | KS | 66061 | Johnson | 60 |
| Thales A T M, Inc. | 23501 W. 84th St. | Shawnee Mission | KS | 66227 | Johnson | 80 |
| SELEX Sistemi Integrati Inc. | 11300 W. 89th St. | Overland Park | KS | 66214 | Johnson | 90 |
| Butler National Corp | 19920 W 161st St | Olathe | KS | 66062-2700 | Johnson | 92 |
| Global Ground Support Llc | 540 E Highway 56 | Olathe | KS | 66061-4640 | Johnson | 50 to 99 |
| Heartland Precision Fastners | 301 Prairie Village Dr | New Century | KS | 66031-1121 | Johnson | 50 to 99 |
| Aeroflex Jc Air Test Systems | 400 New Century Pkwy | New Century | KS | 66031-1111 | Johnson | 100 to 249 |
| Be Aerospace Inc | 10800 Pflumm Rd | Lenexa | KS | 66215-4061 | Johnson | 250 to 499 |
| Garmin International Inc | 1200 E 151st St | Olathe | KS | 66062-3426 | Johnson | 500 to 999 |
| Honeywell Aerospace | 23500 W 105th St | Olathe | KS | 66061-8425 | Johnson | 1,000 to 4,999 |

Labette County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|-------------------------|------------------|---------------|----------------|--------------|---------|---------------------|
| Ducommun Aerostructures | 3333 Main St | Parsons | KS | 67357-3632 | Labette | 100 to 249 |

Montgomery County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|------------------------------|------------------------|---------------|----------------|--------------|------------|---------------------|
| Kansas Avi Independence, LLC | 401 Freedom Dr. | Independence | KS | 67301 | Montgomery | 37 |
| Coffeyville Sektam Inc | 509 N Cline Rd | Coffeyville | KS | 67337-1104 | Montgomery | 50 to 99 |
| Cessna Aircraft CO | 14115 Russ Meyers Blvd | Independence | KS | 67301 | Montgomery | 500 to 999 |

Norton County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|-------------|------------------|---------------|----------------|--------------|--------|---------------------|
| Natoma Corp | E Highway 36 | Norton | KS | 67654 | Norton | 50 to 99 |

Ottawa County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|---------------|------------------|---------------|----------------|--------------|--------|---------------------|
| G L Huyett CO | 1215 E Ith St | Minneapolis | KS | 67467 | Ottawa | 50 to 99 |

Reno County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|------|------------------|---------------|----------------|--------------|--------|---------------------|
|------|------------------|---------------|----------------|--------------|--------|---------------------|

4-5

| | | | | | | |
|---------------------|-----------------|------------|----|------------|------|------------|
| Alcoa Aerospace Ctr | 1501 Airport Rd | Hutchinson | KS | 67501-1976 | Reno | 100 to 249 |
|---------------------|-----------------|------------|----|------------|------|------------|

Rice County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|----------------------------|------------------|---------------|----------------|--------------|--------|---------------------|
| Lyons Manufacturing CO Inc | 711 E Main St | Lyons | KS | 67554-2111 | Rice | 20 to 49 |

Riley County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|----------|------------------|---------------|----------------|--------------|--------|---------------------|
| Ice Corp | 2700 Amherst Ave | Manhattan | KS | 66502-2936 | Riley | 20 to 49 |

Saline County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|-------------------|------------------------|---------------|----------------|--------------|--------|---------------------|
| Exline Inc | 3256 E Country Club Rd | Salina | KS | 67401-9528 | Saline | 100 to 249 |
| Hawker Beechcraft | 2656 Scanlan Ave. | Salina | KS | 67401 | Saline | 450 |

55

Sedgwick County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|--------------------------------------|------------------------|---------------|----------------|--------------|----------|---------------------|
| Aero Comm Machining | 925 E. Murdock St. | Wichita | KS | 67214 | Sedgwick | 20 |
| Cheyenne Mfg., Inc. | 3713 W. 30th St. S. | Wichita | KS | 67217 | Sedgwick | 20 |
| H S P, Inc. | 2650 S. Custer St. | Wichita | KS | 67217 | Sedgwick | 20 |
| Trio Machine, Inc. | 2034 Northern St. | Wichita | KS | 67216 | Sedgwick | 20 |
| United Instruments, Inc. | 3625 Comotara Ave. | Wichita | KS | 67226 | Sedgwick | 20 |
| Aero-Tech Engineering, Inc. | 2326 Southeast Blvd. | Wichita | KS | 67211 | Sedgwick | 25 |
| Champion Industries, Inc. | 1107 S. West St. | Wichita | KS | 67213 | Sedgwick | 25 |
| Maxima Precision, Inc. | 3616 N. Topeka St. | Wichita | KS | 67219 | Sedgwick | 25 |
| L & T Machining, Inc. | 1827 S. Leonine St. | Wichita | KS | 67213 | Sedgwick | 30 |
| Eck & Eck Machine Co., Inc. | 4606 W. Harry St. | Wichita | KS | 67209 | Sedgwick | 32 |
| B & B Airparts, Inc. | 1831 S. Hoover Ct. | Wichita | KS | 67209 | Sedgwick | 35 |
| Kelly Aerospace Turbine Rotables, Ir | 3414 W. 29th St. S. | Wichita | KS | 67217 | Sedgwick | 41 |
| Creative Interiors, Inc. | 11701 W. Kellogg St. | Wichita | KS | 67209 | Sedgwick | 45 |
| Advanced Engineering Group | 3414 W 29th St S | Wichita | KS | 67217-1056 | Sedgwick | 20 to 49 |
| Aero Metal Forms Inc | 2649 Esthner CT | Wichita | KS | 67213-1897 | Sedgwick | 20 to 49 |
| Aero Space Corp | 1050 N Mosley St | Wichita | KS | 67214-3097 | Sedgwick | 20 to 49 |
| Aircraft Instrument & Radio CO | 1851 S Eisenhower CT | Wichita | KS | 67209-2891 | Sedgwick | 20 to 49 |
| Airight Inc | 1445 S Sierra Dr | Wichita | KS | 67209-2997 | Sedgwick | 20 to 49 |
| B & S Aircraft Parts & Acces | 1414 S Mosley St | Wichita | KS | 67211-3387 | Sedgwick | 20 to 49 |
| Benecor | 8250 E Marion Rd # 100 | Wichita | KS | 67210-1967 | Sedgwick | 20 to 49 |
| Burnham Composites Inc | 4203 W Harry St | Wichita | KS | 67209-2729 | Sedgwick | 20 to 49 |
| C E Machine CO | 1741 S Hoover Rd | Wichita | KS | 67209-2813 | Sedgwick | 20 to 49 |
| Commercial Aircraft Prods Inc | 2311 S Edwards St | Wichita | KS | 67213-1871 | Sedgwick | 20 to 49 |
| Diamond J | 2020 W Harry St | Wichita | KS | 67213-3256 | Sedgwick | 20 to 49 |
| Flight Safety Intl | 2 Learjet Way | Wichita | KS | 67209-2924 | Sedgwick | 20 to 49 |
| H & R Parts CO Inc | 3066 S Hoover Rd | Wichita | KS | 67215-1295 | Sedgwick | 20 to 49 |
| Leading Technology Composites | 2626 May St | Wichita | KS | 67213-1854 | Sedgwick | 20 to 49 |
| Lee Air Inc | 4603 S Seneca St | Wichita | KS | 67217-4598 | Sedgwick | 20 to 49 |
| Lord Corp | 120 S Market St | Wichita | KS | 67202-3822 | Sedgwick | 20 to 49 |
| M & M Aerospace Hardware Inc | 8720 E 34th St N | Wichita | KS | 67226-2636 | Sedgwick | 20 to 49 |
| Manufacturing Development Inc | 37515 W Harry St | Cheney | KS | 67025 | Sedgwick | 20 to 49 |
| McGinty Machine CO | 222 N Hydraulic St | Wichita | KS | 67214-4218 | Sedgwick | 20 to 49 |
| Mid-Central Mfg Inc | 1935 Walker St | Wichita | KS | 67213-3365 | Sedgwick | 20 to 49 |
| Milling Precision Tool Inc | 4225 W 31st St S | Wichita | KS | 67215-1003 | Sedgwick | 20 to 49 |
| Nance Manufacturing Inc | 2005 S West St | Wichita | KS | 67213-1109 | Sedgwick | 20 to 49 |
| North American Aviation | 7330 N Broadway St | Wichita | KS | 67219-1124 | Sedgwick | 20 to 49 |
| O2 Corp | 235 N Washington St | Wichita | KS | 67202-2817 | Sedgwick | 20 to 49 |
| Professional Machine & Tool | 510 E 5th St | Valley Center | KS | 67147-2605 | Sedgwick | 20 to 49 |
| R & R Precision Machine | 2615 Esthner CT | Wichita | KS | 67213-1849 | Sedgwick | 20 to 49 |
| Rickman Machine CO | 922 N Santa Fe St | Wichita | KS | 67214-3826 | Sedgwick | 20 to 49 |

5-6

| | | | | | | |
|-----------------------------------|------------------------|---------|----|------------|----------|------------|
| Southwest Manufacturing Inc | 3810 Midco St | Wichita | KS | 67215-8941 | Sedgwick | 20 to 49 |
| Tmx Aerospace | 2652 Eastmoor St | Wichita | KS | 67210-1962 | Sedgwick | 20 to 49 |
| Tru-Circle Aerospace | 2424 S Sheridan St | Wichita | KS | 67217-1358 | Sedgwick | 20 to 49 |
| M P M, Inc. | 2100 S. West St. | Wichita | KS | 67213 | Sedgwick | 65 |
| Machining Specialists, Inc. | 2727 W. Pawnee St. | Wichita | KS | 67213 | Sedgwick | 65 |
| Z T M, Inc. | 4011 E. 31st St. S. | Wichita | KS | 67210 | Sedgwick | 75 |
| McCauley Propeller Systems | 7751 E. Pawnee St. | Wichita | KS | 67207 | Sedgwick | 90 |
| Aerospace Systems & Components | 5201 E 36th St N | Wichita | KS | 67220-3206 | Sedgwick | 50 to 99 |
| Air Capitol Plating Inc | 1702 S Knight St | Wichita | KS | 67213-1399 | Sedgwick | 50 to 99 |
| Brittain Machine | 2520 S Sheridan Ave | Wichita | KS | 67217-1340 | Sedgwick | 50 to 99 |
| Capps Manufacturing Inc | 2121 S Edwards St | Wichita | KS | 67213-1868 | Sedgwick | 50 to 99 |
| Excel Manufacturing Inc | 3258 S Hoover Rd | Wichita | KS | 67215-1217 | Sedgwick | 50 to 99 |
| Fmi | 5615 N Broadway St | Wichita | KS | 67219-2005 | Sedgwick | 50 to 99 |
| Hiller Inc | 630 N Washington St | Wichita | KS | 67214-3894 | Sedgwick | 50 to 99 |
| Kelly Manufacturing CO | 555 S Topeka St | Wichita | KS | 67202-4418 | Sedgwick | 50 to 99 |
| Lee Aerospace Inc | 9323 E 34th St N | Wichita | KS | 67226-2621 | Sedgwick | 50 to 99 |
| Leonard's Metal Inc | 2621 Esthner CT | Wichita | KS | 67213-1849 | Sedgwick | 50 to 99 |
| Precision Metalcraft Inc | 2853 S Hillside St | Wichita | KS | 67216-2598 | Sedgwick | 50 to 99 |
| AEI, LLC | 1234 Wellington Pl. | Wichita | KS | 67203 | Sedgwick | 200 |
| Advanced Industries Inc | 4550 Southeast Blvd | Wichita | KS | 67210-1623 | Sedgwick | 100 to 249 |
| Aero-Mach Labs Inc | 7707 E Funston St | Wichita | KS | 67207-3121 | Sedgwick | 100 to 249 |
| Air Technics Inc | 3851 N Webb Rd | Wichita | KS | 67226 | Sedgwick | 100 to 249 |
| Apex Engineering Intl Llc | 1234 Wellington Pl | Wichita | KS | 67203-3821 | Sedgwick | 100 to 249 |
| Cox Machine CO | 5338 W 21st St N # 100 | Wichita | KS | 67205-1716 | Sedgwick | 100 to 249 |
| Electromech Technologies | 2600 S Custer Ave | Wichita | KS | 67217-1324 | Sedgwick | 100 to 249 |
| Exacta Aerospace Inc | 4200 W Harry | Wichita | KS | 67209 | Sedgwick | 100 to 249 |
| Global Engineering and Technology | 1720 S 151st St W | Goddard | KS | 67052 | Sedgwick | 100 to 249 |
| Globe Engineering CO | 1539 S Saint Paul St | Wichita | KS | 67213-1797 | Sedgwick | 100 to 249 |
| Harlow Aircraft Mfg Inc | 1501 S Mclean Blvd | Wichita | KS | 67213-4303 | Sedgwick | 100 to 249 |
| Mid-Continent Instrument CO | 9400 E 34th St N | Wichita | KS | 67226-2615 | Sedgwick | 100 to 249 |
| Nordam Group - Wichita | 9175 E 35th St N | Wichita | KS | 67226 | Sedgwick | 100 to 249 |
| Pci Newco Inc | 1745 S Maize Rd | Wichita | KS | 67209-1923 | Sedgwick | 100 to 249 |
| Perfekta Inc | 480 E 21st St N | Wichita | KS | 67214-1234 | Sedgwick | 100 to 249 |
| Plastic Fab | 1650 S Mccomas St | Wichita | KS | 67213-1239 | Sedgwick | 100 to 249 |
| Product Manufacturing Corp | 4330 May St | Wichita | KS | 67209-2841 | Sedgwick | 100 to 249 |
| Tect Aerospace | 2019 Southwest Blvd | Wichita | KS | 67213-1439 | Sedgwick | 100 to 249 |
| Triumph Aerospace Systems - Wichi | 9323 E 34th St N | Wichita | KS | 67226 | Sedgwick | 100 to 249 |
| Triumph Structures - Wichita | 3258 S Hoover | Wichita | KS | 67215 | Sedgwick | 100 to 249 |
| Turbine Rotables | 3414 W 29th St S | Wichita | KS | 67217-1056 | Sedgwick | 100 to 249 |
| Vermillion Inc | 4754 Palisade St | Wichita | KS | 67217-4926 | Sedgwick | 100 to 249 |
| Weaver Manufacturing Inc | 1005 E 17th St N | Wichita | KS | 67214-1421 | Sedgwick | 100 to 249 |
| Aeroflex | 10200 W York St | Wichita | KS | 67215 | Sedgwick | 250 to 499 |
| Center Industries Corp | 2505 S Custer Ave | Wichita | KS | 67217-1321 | Sedgwick | 250 to 499 |

5-1

| | | | | | | |
|-----------------------------|----------------------|---------|----|------------|----------|-----------------|
| Metal Finishing Co. | 1423 S McLean | Wichita | KS | 67213 | Sedgwick | 250 to 499 |
| Nex-Tech Aerospace | 4201 S 119th St West | Wichita | KS | 67215 | Sedgwick | 250 to 499 |
| Precision Pattern Inc | 1643 S Maize Rd | Wichita | KS | 67209-3998 | Sedgwick | 250 to 499 |
| Wescon Products | 2533 S West St | Wichita | KS | 67217 | Sedgwick | 250 to 499 |
| Senior Aerospace Composites | 2700 S Custer Ave | Wichita | KS | 67217-1356 | Sedgwick | 250 to 499 |
| Boeing IDS Wichita | 4615 S Oliver | Wichita | KS | 67210 | Sedgwick | 1,000 to 4,999 |
| Bombardier Aerospace | 1 Learjet Way | Wichita | KS | 67277 | Sedgwick | 1,000 to 4,999 |
| Learjet Inc | 1 Learjet Way | Wichita | KS | 67209-2924 | Sedgwick | 1,000 to 4,999 |
| Spirit Aero Systems | 3801 S Oliver St | Wichita | KS | 67210-2112 | Sedgwick | 5,000 to 10,000 |
| Hawker Beechcraft | 9709 E Central Ave | Wichita | KS | 67206-2599 | Sedgwick | 5,000 to 10,000 |
| Cessna Aircraft CO | 1 Cessna Blvd | Wichita | KS | 67215-1424 | Sedgwick | Over 10,000 |

Sumner County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|-----------------------------------|-----------------------|---------------|----------------|--------------|--------|---------------------|
| Clark Manufacturing Inc | 1936 N A St | Wellington | KS | 67152-4510 | Sumner | 20 to 49 |
| Diversified Services Inc | 27 Clark Ave | Wellington | KS | 67152-9797 | Sumner | 20 to 49 |
| Wolfe Machine Inc | 101 Industrial Dr | Mulvane | KS | 67110-9237 | Sumner | 20 to 49 |
| Oxwell Inc | 600 E 16th St | Wellington | KS | 67152-2803 | Sumner | 50 to 99 |
| Triumph Accessory Svc | 411 N West Rd | Wellington | KS | 67152-8047 | Sumner | 50 to 99 |
| GKN Aerospace-Precision Machining | 429 N. West Rd. | Wellington | KS | 67152 | Sumner | 190 |
| Bae Systems | 1515 N Highway 81 | Wellington | KS | 67152 | Sumner | 250 to 499 |
| Tect Aerospace | 1515 Highway 81 N # A | Wellington | KS | 67152 | Sumner | 250 to 499 |

Wilson County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|----------------------|------------------|---------------|----------------|--------------|--------|---------------------|
| Aerospace Mfg. Corp. | 807 N. 2nd St. | Fredonia | KS | 66736 | Wilson | 20 |

Wyandotte County

| Name | Location Address | Location City | Location State | Location ZIP | County | Number of Employees |
|---------|------------------|---------------|----------------|--------------|-----------|---------------------|
| Garsite | 539 S 10th St | Kansas City | KS | 66105-1201 | Wyandotte | 50 to 99 |

Sources: BusinessInfo USA, 2007 -- 1st Edition; 2007 Kansas Manufacturers Directory; 2007 Book of Lists, Vol. 22, No. 47, Nov. 16, 2007, Wichita Business Journal; Kansas Aerospace Resource Directory, Kansas Department of Commerce, http://kdoch.state.ks.us/public/service/databases/resource_directories/dir_home.jsp?dirId=200.

Note: The following SIC codes were used to search for aviation manufacturing companies in BusinessInfo USA and the Kansas Manufacturers Directory.

| SIC Code | SIC Description |
|----------|---|
| 3441 | Fabricated structural metal |
| 3449 | Miscellaneous metal work |
| 3721 | Aircraft |
| 3724 | Aircraft engine and engine parts |
| 3728 | Aircraft parts and equipment, n.e.c. |
| 3761 | Guided missiles and space vehicles |
| 3764 | Space propulsion units and parts |
| 3769 | Space vehicle equipment, n.e.c. |
| 3812 | Search and navigation equipment |
| 3829 | Measuring and controlling devices, n.e.c. |

Other SIC codes may be represented in the company list because those companies were identified by a means other than an SIC or NAICS code search.



Posted on Mon, Mar. 24, 2008

KC in the running to land aircraft manufacturing plant

By KEVIN COLLISON
The Kansas City Star

Kansas City is a leading contender for a \$375 million passenger jet assembly plant being considered for the United States by Montreal-based Bombardier Aerospace, local development officials say.

The potential plant, which would employ up to 2,100 people when fully operational, would be one of the largest new manufacturing projects in recent Kansas City history. It would dwarf the \$86 million Harley-Davidson assembly plant deal of 10 years ago — should Kansas City land the plane.

"This would be a game-changer for Kansas City," said Bob Marcusse, president of the Kansas City Economic Development Council.

"We would suddenly be major players in the aviation industry. Because of the importance of this deal, it would draw not only national attention but international attention."

Even so, the deal remains far from a sure thing for Kansas City.

Bombardier is seeking a site to assemble the C Series of 110- and 130-seat airliners planned by the company as the next generation of "five-abreast" passenger jets.

The firm is under intense political pressure to build the new jet in its home country, where it struck a preliminary agreement two years ago. But the company and local development officials say several factors, most importantly the declining value of the U.S. dollar, make building a plant in this country a compelling option.

"We think we have a very good shot at this if a number of things fall into place," Marcusse said.

Sylvie Gauthier, a Bombardier spokeswoman, confirmed the company is discussing the proposal with Missouri officials, but declined to comment further.

A site at KCI

Local and state officials say Bombardier has scouted a site on city-owned property at Kansas City International Airport for the 1.3-million-square-foot assembly plant. The firm would like to begin building planes in 2013 and reach full production in 2015 or 2016.

The facility would initially employ 410 people with 2,100 workers expected at peak operation. The average salary was estimated at \$55,000. In addition, development officials believe up to 5,200 spin-off jobs would be created by employers attracted by the plant.

The estimated overall economic impact over 22 years was calculated at \$5.9 billion.

"Anything we can do to bring manufacturing and assembly jobs back to Missouri is a huge deal for us," said Greg Steinhoff, director of the state Department of Economic Development, "especially when you look at other Midwest states and the dramatic losses in the manufacturing sector."

Bombardier's discussions with Kansas City officials have reached the point where legislation is expected to be introduced today in the Missouri General Assembly that would provide the state tax credits required as a prerequisite for landing the deal.

"They really like Kansas City," Steinhoff said. "If we can put together this legislation and have it passed, I think they'll give us a hard look."

State economic development officials are proposing to provide Bombardier with tax credits through what is being billed a "mega-project" amendment to the Enhanced Enterprise Zone Program. It would be available for projects that hire a minimum of 1,000 employees and invest at least \$300 million.

With Bombardier, the state would cap the amount of tax credits at \$40 million annually over the 22-year life of the deal or allocate the incentives based on the percentage of payroll: 80 percent the first three years; 60 percent,

years four and five, and declining steadily to 25 percent for years 10 through 22.

Steinhoff said taxpayers should be protected because the tax credits only would be allotted as Bombardier hires employees. In addition, Bombardier has agreed to repay the state gradually by sharing a percentage of individual plane sales.

Kansas City Councilman Russ Johnson, whose district includes the airport, said the Bombardier deal indicates the city is open for business.

"Clearly, this council doesn't want to subsidize another Wal-Mart," he said, "but we're willing to work with industry."

Fast-track legislation

Rep. Ron Richard, a Joplin Republican, and Sen. Charlie Shields, a St. Joseph Republican, are introducing the tax credit bills. The legislation is on such a fast track that a hearing is scheduled for Wednesday.

In addition to the state assistance, Kansas City would be required to issue a Chapter 100 bond to help finance the project. Under Chapter 100, the city owns the property and leases it back to the tenant. The bond would not be backed by the city, and the lease payments would repay the bond.

Mayor Mark Funkhouser supports the proposed arrangement.

"These are high-end manufacturing jobs, not retail. This is real economic development," the mayor said.

"If we can land this, and I think our chances are good, this is a big, big deal for Kansas City."

The mayor noted Kansas City would still receive all the earnings taxes, about \$1.15 million annually based on 2,100 jobs at \$55,000 per year. The city also would receive sales and utility taxes, and 50 percent of the property taxes.

Bombardier already has aircraft manufacturing operations in the region. It acquired Wichita-based Learjet in 1990 and employs 2,300 people manufacturing the small business jets. The company's total U.S. employment is 5,000 with major operations in Dallas, Tucson, Ariz., and West Virginia.

Global strategy

The C Series aircraft is a major part of Bombardier's global strategy. The company believes there will be a worldwide demand over the next 20 years for 5,900 aircraft similar to the size and capability of the C Series, and it wants to capture half that \$250 billion market.

"Airlines worldwide have expressed their keen interest to receive formal sales proposals from us," Pierre Beaudoin, president and CEO of Bombardier, said in a statement posted on the company Web site (www.bombardier.com).

Whether Kansas City captures this latest manufacturing prize depends, in part, on at least two international factors and whether the Missouri legislature approves the necessary tax credits.

Before the project proceeds, Bombardier must generate enough orders for its new aircraft to justify building the assembly plant. The company's board of directors gave the go-ahead to begin marketing the C Series aircraft in late February, and a decision on whether to launch the project is expected sometime this year.

Statements from airlines posted on the Bombardier Web site indicate early interest for the aircraft, which has a list price starting at \$40 million.

Pressure in Canada

Another key factor that is beyond local control is how Bombardier will respond to fierce lobbying by federal and provincial officials in Canada to keep the potential jobs there. The international pressure also involves Great Britain.

Bombardier reached a preliminary agreement two years ago with the governments of Canada, Quebec and Britain to do cockpit and final assembly work in the Montreal area, and wing assembly in Belfast, Northern Ireland, according to the *Globe and Mail* newspaper of Toronto.

The Canadian paper reported the three governments had agreed to provide one-third of the total aircraft development cost. Bombardier would supply one-third and partners the remaining one-third. The total development cost for the C Series was estimated at \$2.5 billion.

Since then, however, the value of the U.S. dollar has plunged compared with the Canadian and British currencies from \$1 U.S. to \$1.50 Canadian in 2003 to almost equal value today.

"What caused this to possibly happen for Kansas City is the change in currency," said Mark VanLoh, director of the Kansas City Aviation Department.

In a conference call with investors last month, Beaudoin said Bombardier was forced to look at building the assembly plant in the United States because it would provide substantial savings.

Beaudoin told analysts his firm was at a disadvantage because its revenues are in U.S. currency but its production costs are mostly in Canadian and British currency.

"We're evaluating the best way to protect our business plan," he said.

The C Series aircraft are being pitched by Bombardier as having a lower cost to operate and greater range than comparable planes.

"The C Series aircraft will benefit from the latest technological advancements... It has allowed us to take advantage of new technologies and to meet the airlines evolving requirements for future efficient five-abreast aircraft," Beaudoin said in the announcement launching the marketing effort.

Why a new facility in KC?

- With the weak U.S. dollar recently trading below the Canadian dollar, it would be cheaper to build in the U.S.
- The site at Kansas City is large enough to build a state-of-the-art manufacturing facility.
- The work force in Kansas City appeals to the company and its location between Wichita and St. Louis puts it within reach of tens of thousands of trained aircraft workers.

One of the big advantages Bombardier is selling is that its new plane is "greener" with a 20 percent better fuel burn than comparable competitors and producing fewer emissions than existing planes.

Tale of the tape

The plane will be smaller and more cost efficient than the Boeing 737, the most widely used commercial plane in the United States.

Bombardier C Series 110 to 130 passengers

120,500 pounds maximum takeoff weight

2,700 nautical mile maximum range

624 miles per hour top speed

Boeing 737 180 to 215 passengers

187,700 pounds maximum takeoff weight

3,200 nautical miles maximum range

595 miles per hour top speed

Bombardier

Headquarters: Montreal, Quebec, Canada

2007 revenues \$14.8 billion U.S.

Employees: 59,760

The company, which owns Learjet in Wichita, makes business and regional aircraft as well as railroad equipment. It is best known in the U.S. as former manufacturer of recreational vehicles like the Ski-Doo and Sea-Doo.

To reach Kevin Collison, call 816-234-4289 or send e-mail to kcollison@kcstar.com.

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