

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:30 A.M. on February 6, 2008 in Room 123-S of the Capitol.

All members were present except:
Nick Jordan- excused

Committee staff present:
Jennifer Thierer, Kansas Legislative Research Department
Dennis Hodgins, Kansas Legislative Research Department
Norm Furse, Revisor of Statutes
Jason Long, Revisor of Statutes
Jackie Lunn, Committee Assistant

Conferees appearing before the committee:
Secretary David Kerr, Department of Commerce
Christi Caldwell, Topeka Chamber
Ashley Sherard, Lenexa Chamber
Marlie Carpenter, KCCI
Kent Eckles, Overland Park Chamber
Bernie Koch, Wichita Chamber

Others attending:
See attached list.

To read testimony submitted by conferees go to
<http://skyways.lib.ks.us/government/KansasSenateCommerceCommittee>.

SB 453--Establishing the Kansas commission on rural policy

SB 525--Kansas investments in major products and comprehensive training act (IMPACT) amendments

SB 438--Job security for volunteer firefighters

Chairperson Brownlee called the Committee's attention to a handout from Marlee Carpenter, KCCI, which is follow-up information on questions raised in the presentation by Amy Blakenbiller, President, KCCI. (Attachment 1) She also alerted the Committee to the fiscal note on **SB 453**.

Chairperson Brownlee called on Norman Furse, Revisors Office, to explain **SB 525**. Mr. Furse stated that the bill is making changes in the comprehensive training act. (IMPACT) The bill would modify the existing act allowing a combination of cash incentives and training to create new jobs in Kansas.

Upon the conclusion of Mr. Furse's explanation of the bill, Chairperson Brownlee opened the hearing on **SB 525** and introduced Secretary David Kerr, Department of Commerce, to give his testimony as a proponent of the bill. Secretary Kerr presented written testimony (Attachment 2) which can be found in its entirety on the link shown above.

Upon the conclusion of Secretary Kerr's testimony there were questions from the Committee regarding the changes in the bill. Secretary Kerr stated the changes would give the Department of Commerce a tool with more flexibility to offer cash incentives to keep jobs in Kansas and also bring new jobs to Kansas. The Committee stated it would be helpful to see how the IMPACT program has performed over the past three to five years. Secretary Kerr stated the Department of Commerce was just finalizing that information for the past three years and it should be complete by the end of the week and he could get the information the Committee.

Upon the conclusion of the questions and answers, Chairperson Brownlee introduced Ms. Christi Caldwell, Topeka Chamber, to give her testimony as a proponent of **SB 525**. Ms. Caldwell presented written testimony (Attachment 3) which can be found in its entirety in the link shown above.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:30 A.M. on February 6, 2008 in Room 123-S of the Capitol.

Chairperson Brownlee stated questions will be held until the completion of the testimony from the proponents of the bill and introduced Ashley Sherard, Lenexa Chamber, to give her testimony as a proponent of **SB 525**. Ms. Sherard presented written testimony ([Attachment 4](#)) which can be found in its entirety in the link shown on page 1 of these minutes.

Chairperson Brownlee introduced Mr. Bernie Koch, Wichita Chamber, to give his testimony as a proponent of **SB 525**. Mr. Koch presented written testimony ([Attachment 5](#)) which can be found in its entirety in the link shown on page 1 of these minutes.

Upon the conclusion of Mr. Koch's testimony there was discussion with the Committee regarding the information in his testimony which the Committee thought was very helpful information regarding other states and the incentives they offer to bring in new business and keep the existing ones. The Committee also appreciated having the information on the cash incentives they have to offer. It was noted that in 2008 about 26% of the aviation workforce in Wichita will be eligible to retire and Mr. Koch stated they are addressing that problem by creating a National Center for Aviation training hoping that after the training is complete, students will stay in the area and work. Senator Schordorf entered the discussion adding that they will need 20,000 people within the next ten years in the workforce in Wichita.

Chairperson Brownlee asked if anyone else would like to speak for or against or as neutral party on **SB 525**. Secretary Joan Wagon, Department of Revenue, was recognized and she stated that the Department of Revenue was in support of the bill. Secretary Kerr, Department of Commerce, was recognized and he stated that several states have a cash slush fund they can use to bring new business to their states and keep the existing ones in their states.

Chairperson Brownlee closed the hearing on **SB 525**.

Chairperson Brownlee called the Committee's attention to the "written only" testimonies of proponents that could not make it to the meeting due to the weather conditions. Those conferees are listed below. Their testimonies can be found in their entirety at the link shown on page 1 of these minutes.

Marlee Carpenter, KCCI. ([Attachment 6](#))

Kent Eckles, Overland Park Chamber ([Attachment 7](#))

Chairperson Brownlee called the Committee's attention to **SB 438** and announced that there is a request for amendments.

Senator Teichman made a motion to include EMS to the bill.

Chairperson Brownlee recognized Jason Long, Revisors Office. Mr. Long stated he had a balloon ([Attachment 8](#)) to offer on the bill which added not only the certified medical services attendants as defined in 65-6112, but would also include reserve law enforcement officers and part-time law officers. The balloon would also make an exception from application of law for any employer when the employee is employed as a full time firefighter or law enforcement officer.

Senator Teichman withdrew her original motion and made a motion to approve the balloon that Mr. Long was offering. Seconded by Senator Kelly. Motion carried.

Chairperson Brownlee stated that she has concerns regarding volunteer police that are used for crowd control and she wants to make sure that they are not included in this bill. Mr. Long stated he felt that the bill did not include the crowd control volunteers. The discussion continued regarding who was covered in the bill and if the language was too vague.

Chairperson Brownlee stated they would work on the bill again in the meeting on Thursday or Friday of this week and adjourned the meeting at 9:30 a.m. with the next meeting scheduled for February 7, 2008 at 8:30 a.m. in room 123S.



Ranked #10: Availability of High-Speed Internet Access

By Michelle Comerford, Senior Location Consultant, Austin Consulting (Oct/Nov 07)

As more and more companies adopt Internet-based enterprise systems, AVAILABILITY OF High-speed Internet ACCESS will remain among the top-10 factors in Area Development's Corporate Survey. **More**



Ranked #9: Energy Availability & Costs

By Eric Stavriotis, Jones Lang LaSalle (Oct/Nov 07)

While ENERGY AVAILABILITY AND COSTS is not a critical site selection factor for some, it does have a significant impact on data center decisions. **More**



Ranked #8: Availability of Skilled Labor

By Richard L. Ferguson, CEO and Chairman of the Board, ACT, Inc. (Aug/Sep 07)

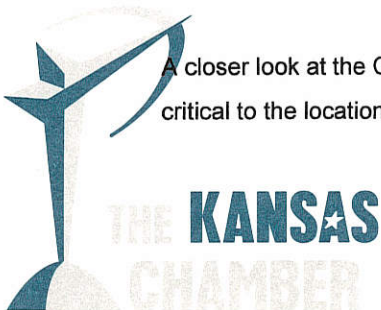
The high ranking of the availability of skilled labor factor is confirmed by those firms taking advantage of programs pre-certifying workers' skills. **More**



Ranked #7: Occupancy or Construction Costs

By Les J. Cranmer, Senior Managing Director; and Art M. Wegfahrt, Corporate Managing Director; Studley, Inc. (Aug/Sep 07)

A closer look at the Corporate Survey reveals that the occupancy or construction costs factor is not as critical to the location decision as it first appears. **More**





Ranked #6: Tax Exemptions

By Michael Press, Managing Director, Business Incentives Advisory, Duff & Phelps LLC, New York (Jun/Jul 07)

Area Development's 2006 Corporate Survey respondents are so familiar with the benefits of TAX EXEMPTIONS for both economic development and other purposes that they have ranked this factor high in importance. **More**



Ranked #5: Availability of Telecommunications Services

By Dan Gatti, Innovative Capital Ventures, Inc. (Jun/Jul 07)

The companies that rated AVAILABILITY OF TELECOMMUNICATIONS as very important in Area Development's 2006 Corporate Survey realize that those communities setting ICT trends are more attractive locations than those just reacting to these trends. **More**



Ranked #4: State and Local Incentives

By Michael Huber, Cushman & Wakefield – Location Incentives Group (Apr/May 07)

As in 2005, the results of Area Development's 2006 Corporate Survey demonstrate that state and local incentives are given increasing consideration in the facilities planning process. **More**



Ranked #3: Corporate Tax Rate

By Tom Bertino, Strategic Relocation & Expansion Services Practice, KPMG LLP (Apr/May 07)

Respondents to Area Development's 21st Annual Corporate Survey have named Corporate Tax Rate as the third most important factor in the site selection process behind only labor costs and highway accessibility.

More



Ranked #2: Highway Accessibility

By Rick Thomas, Director Managed Transportation, CEVA Logistics (Feb/Mar 07)

Highway accessibility was ranked as the #2 factor by the respondents to Area Development's 2006 Annual Corporate Survey for a myriad of reasons. **More**



Ranked #1: Labor Costs

By John M. Rhodes, Senior Principal, Moran, Stahl & Boyer, LLC (Feb/Mar 07)

The respondents to the 2006 Corporate Survey conducted by Area Development identified the cost of labor as the number-one factor for making site selection decisions. Here is some insight into the importance of labor costs. **More**

2008 LEGISLATIVE PROPOSAL

IMPACT PROGRAM ENHANCEMENTS

2008 Legislative Proposal
IMPACT Program Enhancement

➤ **IMPACT – Current Law**

- **Utilized for Training and Cash Incentives for New or Retained Jobs**
- **Allows for Use of 2% of Overall Withholding Taxes Collected**
- **Capacity for Debt Service and Program Fees**
 - 2007: \$1.9B of overall withholding taxes; \$39.3M available to service debt (bond payments)
 - 2007: \$13.5M paid for debt service; \$1.5M paid for program fees
- **Awards Restricted to 95% of Estimated Withholding Tax for New or Retained Jobs**

2008 Legislative Proposal
IMPACT Program Enhancement

2-3

Recommendation for IMPACT Enhancement

- **Maximize Value to the State and Businesses by Providing the Flexibility to Utilize Debt Service or Cash**
 - \$27.5M available annually to service bonds (\$39.3M Annually Services \$275M on a 10 Year Bond)
 - \$39.3M available annually if converted to cash
 - Creates a “pay as you go” vs. “mortgage the future” environment
- **Eliminate 95% Withholding Limitation Which Negatively Impacts Business Recruitment**
- **Target a Minimum of 15% for Rural Projects and a Minimum of 20% for Small Business (less than 100 employees) Opportunities**
- **Unallocated Funds Carried Forward Absent of Targets**



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Testimony: SB 525 IMPACT
Before the Senate Commerce Committee
February 6, 2008

Testimony provided by: Christy Caldwell, Vice President Government Relations
Greater Topeka Chamber of Commerce

Chairpersons Brownlee and Jordan and members of the Committee; I am Christy Caldwell, Vice President of Government Relations for the Greater Topeka Chamber of Commerce. I am here today in support of SB 525 – the IMPACT Bill.

We are very pleased the Secretary of Commerce is recommending changes to the IMPACT program. Today the funds in this program are not being utilized to the maximum at a time the state and local communities are trying to draw private investment and quality jobs to our state, and are competing with other states with deep pockets. The proposed changes to allow the Department of Commerce to utilize cash from the 2% withholding set-aside for the IMPACT program, rather than issuing bonds, is a positive and economical change. Another constructive modification in this bill is to allow any unallocated funds to be carried forward into the next year's program dollars.

Although this state incentive program historically has targeted high paying jobs throughout the state regardless of the community's size, we do support the addition of the two targeted set-asides – 15% for rural projects and 20% for small businesses. We do appreciate that any unencumbered funds will be reappropriated to the IMPACT funds and not subject to the set-asides. We also believe the deletion of the 95% rule will benefit the program as well.

The continuing challenge is that Kansas is competing nationally and internationally for high waged jobs. Many states are providing many more dollars than the 2% state withholding generates in Kansas. Up-front cash assistance will help to make our state more competitive, but the total amount of dollars in the IMPACT program funding is undersupplied. We strongly encourage the passage of SB 525, with close monitoring of statewide funding needs. Use of IMPACT funds is an indicator that the state's economy is growing and future opportunities to increase the amount of dollars dedicated to the fund will assist in encouraging more high quality jobs.

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Senate Commerce Committee
February 6, 2008
Attachment 3-1



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TO: Senator Karin Brownlee, Co-Chairperson
Senator Nick Jordan, Co-Chairperson
Members, Senate Commerce Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: February 6, 2008

RE: **Support for SB 525 -- Revisions to IMPACT Program**

The Lenexa Chamber of Commerce appreciates the opportunity to express its strong support for SB 525, which includes revising the IMPACT program to provide Kansas with additional resources for cash incentives when competing nationwide to attract and retain businesses.

Kansas has historically based its economic development efforts on incentive programs that issue tax credits earned for capital investment or job creation. In many instances, however, the eligible entity has insufficient tax liability to utilize the entire credit, and the unused portion must be carried forward. Because tax credits that are carried forward are not refundable or transferable and often are never able to be fully claimed, the perceived value of Kansas's tax credit programs to companies considering locating or expanding in the state is significantly diminished. With many other states increasingly focusing their economic development strategy on providing cash incentives – a much more simple and financially attractive approach – these deficiencies in Kansas's "toolbox" have become even more highlighted.

Accordingly, SB 525 includes key provisions revising the current IMPACT program to substantially increase the resources available for cash incentives. Site location consultants have indicated to us repeatedly that cash incentives are the most effective incentives available and, because so many states now offer them, communities that do not are unlikely to survive their initial analysis – if they are included for consideration at all. As a result, we believe this legislation has become fundamental to Kansas's ability to continue to compete nationwide for new and expanding business activity.

Because we believe SB 525 begins to address a significant existing barrier to the state's ability to attract and retain businesses into the future, the Lenexa Chamber of Commerce urges the committee to recommend this bill favorable for passage. Thank you very much for your time and attention to this important issue.

Senate Commerce Committee
February 6, 2008

Attachment 4-1



WICHITA METRO
CHAMBER OF COMMERCE

Testimony to Senate Commerce Committee

February 16, 2008

Bernie Koch, VP/Government Relations

Wichita Metro Chamber of Commerce

350 W. Douglas, Wichita, Kansas 67202

Testimony on Senate Bill 525

Senators Brownlee and Jordan, members of the committee, thank you for the opportunity to testify on Senate Bill 525 on behalf of the Wichita Metro Chamber of Commerce.

We welcome enhancements of the IMPACT program. We believe that our state incentives need to change to address the intense competition from other states, especially their ability to offer cash. Those states have long targeted our aerospace industry.

At this time in particular, our aerospace industry is healthy and ready for major expansions, and the activity from other states and some foreign countries competing for these expansions is troublesome. The backlog of orders for aircraft is impressive. Even with an economic downturn or a recession, the large number of orders from foreign buyers could help Kansas weather a storm in the economy.

For example, Cessna Aircraft is proceeding with plans to develop its largest business jet to date. Over the next decade, Cessna expects to take hundreds of orders for the large cabin intercontinental aircraft. In fact, a news conference was scheduled for today in Washington, D.C. to release pricing and projected performance and the names of at least two suppliers.

This is a huge project. Cessna says it will invest \$780 million to develop the plane. The company has not decided where the plane will be assembled. We would like it to be in Kansas, but we can't take that for granted.

Other states, particularly those in the South, have cash funds of hundreds of thousands of dollars, and they are not reluctant to use them. One of our major economic development competitors is Oklahoma.

The State of Oklahoma can offer cash, with a war chest of \$45 million in the Oklahoma Opportunity Fund. The Oklahoma Quality Jobs program includes payroll refunds and investment tax credits. Some recent Oklahoma incentives:

- Nanjing Automobile (2006) \$20 million
- Spirit AeroSystems (2007) – 300 jobs - \$4.3 million
- American Airlines (2007) – 300 jobs - \$5.7 million for new hanger

Oklahoma has a particular strength through the ability to offer no cost or low cost customized training as an incentive.

I will be honest with you: Kansas does have offsetting attractions for the aerospace industry and manufacturing which will help us retain expansions. These include the machinery and equipment property tax exemption, the current capitol investment in plant and equipment in the state by these companies, a skilled workforce, and the large network of suppliers that exist here already which cannot be matched by other locations without great difficulty.

We need not match other states enormous incentives dollar for dollar, but we do need to make sure that our advantages are not outweighed by the huge cash funds of other states. Somewhere there's a tipping point where what they have to offer beat what we have to offer.

Our companies are good citizens of the state. But the people who run them have a responsibility to their shareholders to get the best bang for the buck that helps them make a profit.

Thank you for your efforts in this area. I urge your support for Senate Bill 525, and especially any way you can enhance it.

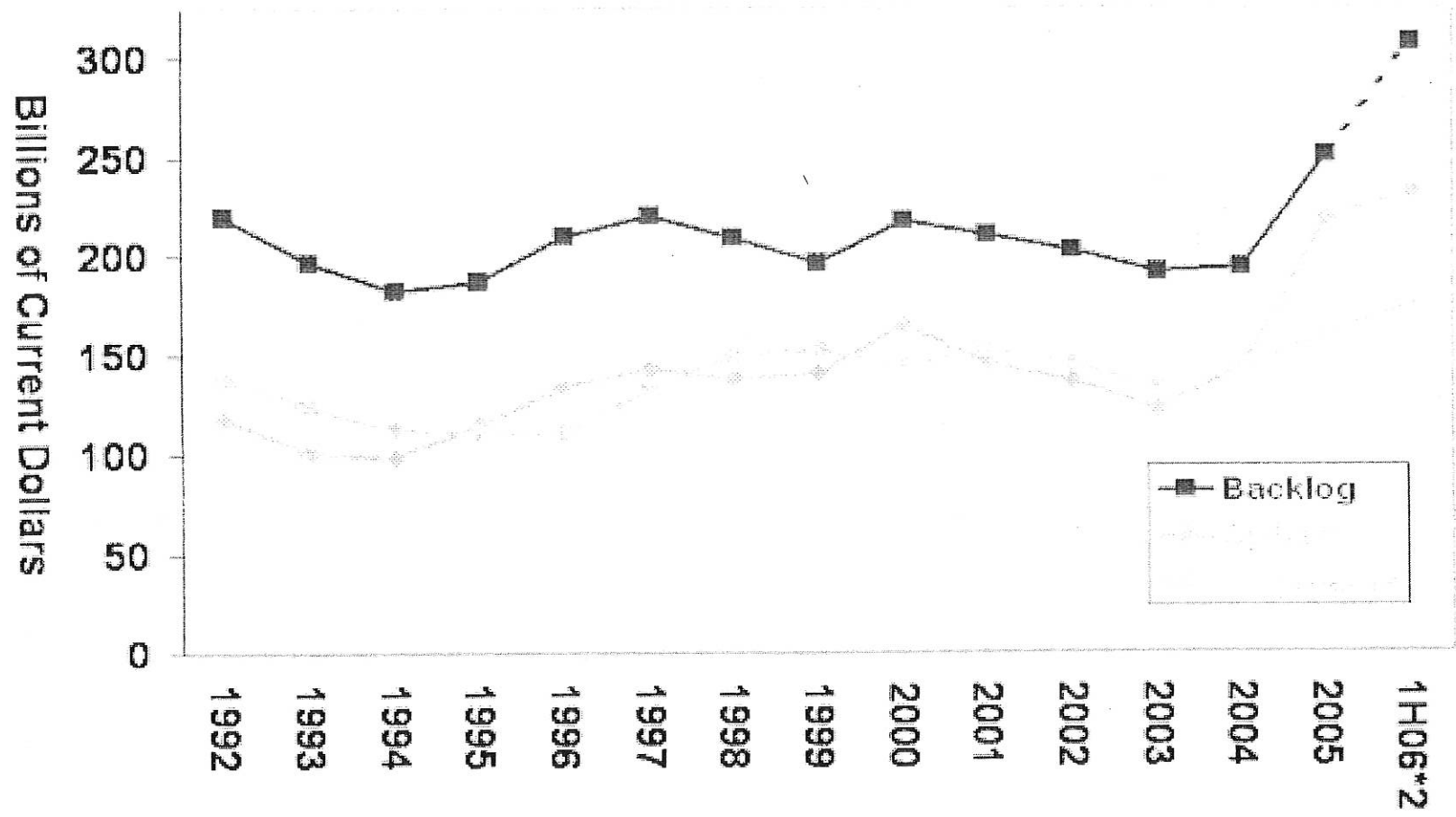
Senate Commerce Committee

February 6, 2008

Attachment 5-1



Aerospace Orders, Shipments, & Backlog




Source: Aerospace Industries Association





FLORIDA

- Enterprise Florida Aerospace – eflorida.com/Aviation/Default.aspx?id=306
 - Federal Bureau of Labor Statistics (2005)
Aerospace Products & Parts Manufacturing Employment = 17,814 (200 Establishments)
Total Annual Wages = \$1.16 Billion (Average Annual Pay = \$64,956)
 - Aerospace Firms
New Piper Aircraft – 1,000 Employees, AeroSonic – 280, BE Aerospace, etc.
 - Major State Incentive Mechanisms (all applicable to manufacturing and headquarters)
 - > Qualified Target Industry Tax Refund (QTI) – Refunds corporate income, sales, ad valorem, etc. Wage required 115% of state average or \$36,590 unless in E-Zone. Pays \$3,000 per job (E-Zone \$6,000.) Add \$1,000 per job @ 150% average wage or \$47,726. Add \$2,000 per job @ 200% or \$63,634. Community pays 20% of refund. Covers 3-year job creation – paid over minimum 4 years. \$5 M per year cap.
 - > High Impact Performance Incentive Grant (HIPI) – Negotiated. Minimum 100 new jobs & \$100 M investment. Paid 50% at commencement of operations – remainder once full employment and investment goals met.
 - > Capital Investment Tax Credit (CITC) – Against corporate income tax. Minimum 100 jobs & \$25 M investment. Eligible investment includes all acquisition, construction, installation and equipping costs prior to commencement of operations. Can be claimed over period of up to 20 years.
 - > Road Fund – Assists local govt with road problems – based on new & retained jobs. Up to \$2 M per project.
 - > Sales & Use Tax Exemption on aircraft parts, modification, maintenance and repair, sale or lease of aircraft.
 - Major Incentive Offer
 - > PiperJet (2007) – Expansion / Retention – 1,000 retention jobs plus 500 expansion jobs @ \$50,000. State Offer Total \$20 Million. Vero Beach Local Offer \$30 M. Tallahassee Local Offer \$70 M – 30 year lease payments starting in 2014 would cover city debt for incentive package.
- 



ALABAMA

- Alabama Aerospace – edpa.org/industries/aerospace.html
- Federal Bureau of Labor Statistics (2005)
Aerospace Products & Parts Manufacturing Employment = 11,488 (40 Establishments)
Total Annual Wages = \$679 Million (Average Annual Pay = \$59,137)
- Aerospace Firms
U.S. Army Redstone Arsenal – 14600 Employees, Boeing – 3000, NASA – 2600, SAIC – 1700, Teledyne – 1200, Northrop Grumman – 1100, Lockheed Martin – 600, Raytheon – 600, EADS North America Engineering – 150, Sikorsky Engineering – 60, BAE Systems, GKN Aerospace, etc.
- Major State Incentive Mechanisms
 - > Gulf Opportunity Act (2005) – GO Zone – State can issue \$2.1 Billion tax-exempt private activity bonds by 2011.
 - > Capital Investment Tax Credit – Qualifying companies annually reduce state corporate income tax by up to 5% of initial capital investment (usual term 20 years; 30 years for minimum \$2.5 B investment and 2,500 jobs.)
- Major Incentive Deals / Offers
 - > ThyssenKrupp Steel Plant (2007) – 2,700 direct jobs @ \$55,560 average wage (\$150 Million payroll.)
\$3.7 Billion Investment. Cash Grant \$314 M; Training \$67 M; Land \$45 M; Public Roads \$25 M;
State & Local Abatements \$350 M; Marine Terminal Site \$8 M = Total Accepted Package \$810 Million
(Company declined GO Zone Bonds.) Does not include potential value of Capital Investment Tax Credit
(future profits unknown – but no state income tax for 30 years unless liability exceeds \$185 M in any year.)
 - > EADS-Northrop Grumman Tanker Plant & Engineering Center – 1,150 direct jobs @ \$53,900 (\$62 M payroll.)
\$600 Million Capital Investment. Total State Package = \$78 Million. Local Incentives = \$35 Million.
Averages “\$104,143 per job.” Engr. Center operational. Plant pending Air Force contract decision.



MISSISSIPPI

- Mississippi Gulf Coast Aerospace Corridor -- mscoastaerospace.com / mscoastadvancedmaterials.com
- Federal Bureau of Labor Statistics (2005)
Aerospace Products & Parts Manufacturing Employment = 865 (11 Establishments)
Total Annual Wages = \$48 Million (Average Annual Pay = \$55,121)
- Aerospace Firms
American Eurocopter (EADS) – 115 Employees, NASA Stennis Space Center, BAE, Lockheed Martin, Northrop Grumman, GE Aviation, Pratt & Whitney Rocketdyne, General Dynamics, etc.
- Major State Incentive Mechanisms
 - > Advantage Jobs – Cash rebate (70-90%) of state withholding taxes to qualified employers for up to 10 years.
Specific rebate tied to economic & fiscal impact analysis.
 - > Gulf Opportunity Act (2005) – GO Zone – State can issue \$4.8 Billion tax-exempt private activity bonds by 2011.
 - > Special Legislation.
- Major Incentive Deals
 - > Toyota Assembly Plant (2007) – Facility Completion 2010. 2,000 direct jobs @ \$61,000 (\$122 M payroll.)
Investment \$1.30 Billion. Incentives: Public Infrastructure \$137 M; Educational Enhancement \$80 M;
Site Preparation \$67 M; Other \$10 M = Total Toyota State Incentives \$294 Million.
Additional \$30 Million authorized for top-tier suppliers.
 - > Nissan Assembly Plant (2000) – Operational 2003. 4,000 direct jobs @ \$47,840 (\$191 M Payroll.)
Investment \$950 Million. Incentives: Public Road Infrastructure; Extensive Site Preparation; Training;
Total State Incentives \$295 M; Local Incentives \$68 M = Total State & Local Incentives \$363 Million.




NEW MEXICO

- New Mexico Aerospace – nmpartnership.com/aerospace
- Federal Bureau of Labor Statistics (2005)
Aerospace Products & Parts Manufacturing Employment = 1,186 (12 Establishments)
Total Annual Wages = \$77 Million (Average Annual Pay = \$64,815)
- Aerospace Firms
Eclipse Aviation – 1000 Employees, Sun Country Industries – 110, Advanced Aircraft Composites, etc.
- Major State Incentive Mechanisms
 - > State Investment Council (SIC) – \$14 B in trust funds (public land leases, severance tax, tobacco settlement.)
\$200 M direct private co-investment and loan fund established 2003. \$46 M invested to-date.
Equity position legal maximum 51% or \$20 M per company – general policy is 5% ownership stake limit.
 - > Manufacturers Investment Tax Credit – 5% of value of qualified equipment imported into state.
 - > IRBs – 20 year property tax exemption on land, new facilities & equipment.
 - > High Wage Jobs Tax Credit – 10% credit of wages & benefits value for new “economic base” jobs (manufacturing; \$40,000+; 50%+ of sales outside state; firm employment growing) for up to 4 years.
 - > Aircraft Manufacturing Tax Deduction – From gross receipts tax (sale of aircraft by aircraft manufacturers.)
 - > Job Training Incentive Program (JTIP) – Reimburses 50-65% of trainee wages for up to 6 months.
- Major Incentive Deals / Offers
 - > Eclipse Aviation (2005) – Very Light Jet or “VLJ” Manufacturer – SIC Assistance = \$20 Million (\$14 M direct equity position ~ 5% current ownership stake; \$6 M loans – all repaid.)³
 - > PiperJet (2007) – Very Light Jet (VLJ) Plant plus possible Headquarters. Estimated 1,500 direct jobs. State Incentive package plus Local Abatements reportedly \$70 million. Albuquerque finalist. Pending.





NORTH CAROLINA

- North Carolina Aerospace Alliance (2005) – No Website – Established with \$11 M Golden Leaf Foundation grant
 - Federal Bureau of Labor Statistics (2005)
Aerospace Products & Parts Manufacturing Employment = 2,600 (23 Establishments)
Total Annual Wages = \$191 Million (Average Annual Pay = \$73,519)
 - Aerospace Firms
TIMCO Aviation – 1700 Employees, GE Aviation – 270, DRS Technologies – 200, etc.
 - Major State Incentive Mechanisms
 - > Golden Leaf Foundation (1999) – \$600 M grant fund (half of state tobacco settlement.)
Targeting advanced manufacturing & design (2007) – Including composites & advanced materials.
 - > Job Development Investment Grant (JDIG) – Discretionary cash grant refund of 10-75% of new employee income tax withholdings for up to 12 years (new or expanding business.)
 - > Training – 100% covered from GR for manufacturers & high-tech companies creating 12 new jobs in a year.
 - > Forgivable Loans – \$15 M per year from general revenue (GR.)
 - > March 2007 – Bill introduced to refund sales & use taxes to aerospace manufacturers.
 - Major Incentive Deals
 - > Dell Manufacturing Plant (2004) – Opened 2005. 1,200 direct jobs @ \$28,000 average wage (\$34 M payroll.)
Capital Investment \$100 Million. Abatements; Road Infrastructure; Dell-specific Training; State Total \$240 M;
Local Total \$42 M; Total State & Local Package = \$282 Million.
 - > Google Data Center (2007) – 210 direct jobs @ \$48,300 average wage (\$10 M payroll.) \$600 M Investment.
30-Year Abatements (M&E 100% Real Estate 80%); 12-Year 75% JDIG; Customized Training \$4 M;
Total State & Local Package = \$100 Million
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OKLAHOMA

- Oklahoma Aeronautics Commission – ok.gov/OAC
- Federal Bureau of Labor Statistics (2005)
Aerospace Products & Parts Manufacturing Employment = 3,677 (75 Establishments)
Total Annual Wages = \$198 Million (Average Annual Pay = \$53,875)
- Aerospace Firms
American Airlines Maintenance & Engineering Center – 7000 Employees, NORDAM Group – 2000,
Spirit AeroSystems (Tulsa) – 1760, etc.
- Major State Incentive Mechanisms
 - > Oklahoma Opportunity Fund – Established 2006 with \$45 M surplus revenue. Administered by Governor in consultation with legislature. Authorized to promote economic development and related infrastructure benefiting state via: new jobs offering basic health plan; retention of existing at-risk jobs; assisting private investment in real property, new plant or equipment; improvement or retooling of existing plant or equipment.
 - > Quality Jobs – Option 1 refunds up to 5% of manufacturer payroll on new jobs paying qualifying wage (never over \$27,393) for up to 10 years. Option 2 (Investment Tax Credit) allows 5-year annual credit of greater of 1% of new depreciable property investment or \$500 per new job. E-Zone doubles to 2% or \$1000 respectively.
 - > Training for Industry Program (TIP) – Manufacturers and certain services creating new jobs liberally approved for negotiated no-cost or low-cost customized training via 54 state CareerTech centers.
 - > Sales Tax Exemption on aircraft repairs, modification and replacement parts.
- Major Incentive Deals / Offers
 - > Nanjing Automobile (2006) – Opportunity Fund \$20 M (\$15 M Infrastructure Grant – \$5 M Low Interest Loan.)
 - > Spirit AeroSystems (2007) – 300 Jobs. Opportunity Fund \$4.3 M to remediate production facility.
 - > American Airlines (2007) – 300 Jobs. Opportunity Fund \$5.7 M for new maintenance hanger.



TEXAS

- Texas Aerospace – governor.state.tx.us/divisions/ecodev/aerospace
- Federal Bureau of Labor Statistics (2005)
Aerospace Products & Parts Manufacturing Employment = 51,581 (239 Establishments)
Total Annual Wages = \$3.68 Billion (Average Annual Pay = \$71,422)
- Aerospace Firms
Vought Aircraft – 2000 Employees, Bell Helicopter Textron, Lockheed Martin, L-3 Integrated Systems, BAE Systems, American Eurocopter (EADS), Mooney Aerospace Group, Sino Swearingen, etc.
- Major State Incentive Mechanisms
 - > Texas Enterprise Fund (TEF) – Initial \$295 M highly flexible “deal closing” grant fund established in 2003. Administered by Governor’s Office with concurrence from legislature. Both recruitment and competitive expansion projects eligible. Used for direct grants, development infrastructure, job training, etc.
 - > Texas Emerging Technology Fund (TETF) – \$200 M fund established in 2005 to support private investment in “emerging technologies” research and commercialization – generating high quality new jobs and/or significant medical / technological advances. Same highly flexible governance structure as TEF.
- Major TEF Incentive Deals
 - > Texas Instruments IC Fabrication Facility (2003) – \$3 B Investment – 1,000 Direct Jobs – TEF \$50 Million
 - > Vought Aircraft (2004) – Manufacturing Plant – \$598 M Investment – 3,000 Direct Jobs – TEF \$35 Million
 - > Washington Mutual (2005) – Back Office Operation – \$50 M Investment – 4,200 Direct Jobs – TEF \$15 Million
 - > Hewlett-Packard Data Center (2006) – \$2 B Investment – 420 Direct Jobs – TEF \$5 Million

Legislative Testimony

SB 501

February 7, 2008

Testimony before the Kansas Senate Commerce Committee
By Marlee Carpenter, Vice President of Government Affairs

Madam Chair and members of the Committee:

I am Marlee Carpenter Vice President of Government Affairs for the Kansas Chamber of Commerce. Thank you for this opportunity to voice our support for the Kansas Tourism Initiative.

The Kansas Chamber along with our local chamber's of commerce support this initiative and its positive impact on the Kansas economy. The Chamber believes that the expansion and elevation of tourism will directly result in increased economic investment and job creation in Kansas. This initiative will directly benefit communities in all parts of the state.

With tourism already a contributor to the Kansas economy, an additional investment can only work to create more jobs and economic activity. In 2004 alone, tourism in Kansas generated \$7.3 billion and created 166,952 of direct and indirect jobs. That same year the federal, state and local governments received \$1.8 billion in revenue from Kansas tourism. The return on investment from this initiative has been estimated at \$260 million in visitor spending for \$5 million in enhanced advertising efforts. The estimated economic value is an increase of \$200 million in tourism spending, \$125 million in increased wages and salaries, 6,000 new jobs and a \$33 million increase in state and local taxes.

Again, the Kansas Chamber and our local chamber's of commerce support this program and expansion of this section or the economy. Thank you for the opportunity to express our support for the Kansas Tourism Initiative.



Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium and large employers all across Kansas.

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Senate Commerce Committee
February 6, 2008

Attachment 6-1

Because tax incentives are of critical importance to our members, the Kansas Chamber is committed to working to structure these credits and ensuring that they are indeed an incentive for those making important investment decisions in Kansas.

Other states have cash incentives for companies that locate, expand and create jobs. Kansas has been lacking this tool and SB 525 will make the state more competitive, attractive and able to compete for jobs. The Chamber is supportive of SB 525, however, we would encourage that this fund grow and become larger over the next few years. We encourage enactment of SB 525 and policies that will make Kansas more competitive as we compete with other states for jobs and investment.

Thank you for your time and I will be happy to answer any questions.

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Legislative Testimony

SB 525

February 6, 2008



Testimony before the Kansas Senate Commerce Committee
By Marlee Carpenter, Vice President of Government Affairs

Chairman Brownlee and members of the committee;

The Kansas Chamber supports the economic development tools and incentives that will help Kansas more competitive as we compete for investment and jobs on a daily basis. SB 525 will put another tool in the Kansas toolbox for job attraction and retention.

Tax credits continue to be important as businesses make decisions on where to locate, expand, invest and create jobs. Site selectors have ranked State and Local Tax Incentives fourth behind Corporate Tax Rate, Highway Accessibility and Labor Costs.

In addition, the Kansas Chamber's 2007 CEO and Business Owners Poll ranks economic incentives for business as the third most important issue to their profitability, behind managing health care costs and lower taxes on business.

<i>Bob Higgins Governor of Kansas</i>	Most Important to Profitability			
	Nov. 07	Nov.06	Nov.05	Nov. 04
MENTIONED:				
Lower taxes on business	46%	46%	39%	38%
Managing health care costs	41%	47%	46%	42%
Economic incentives for business	21%	20%	20%	15%
Stop friv. lawsuits/Tort reform	18%	22%	21%	21%
Decrease regulation/mandates	18%	18%	14%	13%
Workers' Compensation	14%	13%	14%	11%
Limit growth of state gov.	12%	7%	10%	8%
Unemployment Compensation	4%	4%	9%	5%
(2 responses accepted)				





Testimony before the Senate Commerce Committee
Senate Bill 525 – The Investments in Major Projects & Comprehensive Training Act
Presented by J. Kent Eckles
Vice President of Government Relations
Wednesday, February 6th, 2008

The Overland Park Chamber of Commerce appreciates the opportunity to submit testimony in favor of Senate Bill 525 – The Investments in Major Projects & Comprehensive Training Act.

The Chamber welcomes enhancements to the Department of Commerce's IMPACT program as we did last legislative session with Substitute for Senate Bill 334, when we strongly advocated the permanent removal of the Major Project Investment (MPI) cap under the program, thus making more cash incentives available to companies.

As you have heard us testify before, we believe cash incentives are the strongest incentives available to states today and support any efforts to increase the amount the Department of Commerce has available to enhance the State's competitive position. Many site location consultants throughout the county advise their business clients to **only** consider cash or cash equivalent programs in their analysis because so many other states offer cash incentives.

As proposed in SB 525, the Department of Commerce would be able to migrate away from being able to only finance bonds and program costs towards using remaining funds from the 2% withholding for up-front cash incentives. Also, the removal of the statutory limitation on program costs not exceeding 95% of the amount of the estimated rate of the withholding tax applied to the new or retrained jobs will give the agency and businesses further flexibility under the program. Currently, the cap of 95% negatively affects business recruitment and retention efforts. Finally, the Chamber agrees with the bill's provision that allows funds not utilized by the 15% set-aside for rural development and 20% set-aside for small business development to revert back to the general IMPACT fund for future use **without** being subject to the aforementioned set-aside provisions.

The only provision not included in the bill that we would favor is increasing the 2% withholding, which funds the IMPACT program. We believe the pool of funds available to the Department of Commerce should be substantially larger to allow the agency to better attract and retain "mega projects."

Because SB 525's major components all serve to increase the amount of up-front cash incentives available to businesses, the Chamber is pleased to be able to offer its strong support of the bill.

Again, we appreciate the opportunity to offer testimony on SB 525 and look forward to working with the committee and the Department of Commerce as the measure makes its way through the legislative process.

Senate Commerce Committee

February 6, 2008

Attachment 7-1

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SENATE BILL No. 438

By Senator D. Schmidt

1-17

9 AN ACT concerning certain firefighters; establishing certain employ-
10 ment rights.

, law enforcement officers and emergency medical services attendants

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. (a) No employer may discharge any employee by reason
14 of the fact that the employee performs duties as a volunteer firefighter.

, certified emergency medical services attendant, as defined in K.S.A. 65-6112,
and amendments thereto, reserve law enforcement officer or part-time law
enforcement officer. The provisions of this section shall not apply to an employer
when the employee is employed by the employer as a full-time firefighter or law
enforcement officer

15 (b) For the purposes of this section, the term:

16 (1) "Employee" shall have the meaning ascribed to it in K.S.A. 44-
17 313 and amendments thereto.

18 (2) "Employer" shall have the meaning ascribed to it in K.S.A. 44-
19 313 and amendments thereto.

20 Sec. 2. This act shall take effect and be in force from and after its
21 publication in the statute book.

Senate Commerce Committee
February 6, 2008
Attachment 8-1