

February 10, 2025

Dear Chair Tarwater and Members of the House Commerce Committee:

Each year, Kansas taxpayers on the hook for over a billion dollars in economic development incentives when considering State tax credits, State sales tax exemptions, and local property and sales tax programs. The compounding effect has never been fully disclosed to the Legislature and has not required reporting. This bill would remedy the gap in transparency that currently faces policymakers with the goal of creating more accountability, transparency, and knowledge for local and state elected leaders.

Economic development incentives, excluding those which are domestic or social, should be subject to taxpayer and lawmaker scrutiny. If the credit is valuable and brings economic gains to our State, those credit expenditures will be both defensible and transparent. Basically, a win-win situation. Essentially, accountability is necessary when billions are being expended while at the same time State and Local governments are spending more, not less, money. Therefore, the losses in revenue given away in economic incentives are inadvertently picked up by every other taxpayer in the State of Kansas. Nothing is free. Every dollar we save for our constituents to invest and spend ALSO brings a return on investment. It is incumbent upon us to give our taxpayers the opportunity to retain their earnings through a genuine effort to rein in spending, giveaways, and unnecessary taxation and regulation.

In a recent Post audit, the *High Performance Incentive Program* awarded more than \$3 billion in credits between 2018-2020. Currently, the total amount available to awardees is unknown since the credits may be used over a 16-year period. The transparency database does not list individual recipients but provides the total amount offered and claimed for FY 2020 and 2021 and has not been updated for years 2022 and 2023. The totals provided are as follows:

FY 2020 – Amt offered \$76.9 million – Amt claimed \$76.9 million

FY 2021 – Amt offered \$47.8. million – Amt claimed \$47.8

The website does share the total amount of capital investment; however, there is no way to calculate the return on investment for each incentive. This bill adds the condition that any recipient of \$50,000 or more in annual economic development incentives shall agree to provide all information required by this Act.

Ultimately, this bill makes necessary updates to the transparency database passed five years ago to improve transparency. I hope you'll join me in supporting HB 2304.

Gratefully,

Rep. Kristey Williams

House Majority Caucus Chair

Vice Chair Appropriations

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