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Manufacturing Facilities
Abilene, Kansas
Ellsworth, Kansas
Enterprise, Kansas
Kipp, Kansas
Lucas, Kansas
Salina, Kansas
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Construction Equipment Division
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Kubota Company

March 3, 2025

Testimony Regarding Senate Bill SB283
By Tim Henry

(Opposition) (Oral)

Senators,

Thank you for the opportunity to share our views regarding this proposed bill and the revisions to the corporate income tax structure. My name is Tim Henry, the Chief Financial Officer of Great Plains Manufacturing, Incorporated in Salina, KS, a wholly owned subsidiary of Kubota Corporation, headquartered in Japan.

I feel certain that everyone in this room shares the same objective of increasing Economic Growth in the State of Kansas. And I would agree that both economic development tools and lower tax rates can potentially stimulate Economic Growth. However, if a choice between the two had to be made, I would argue that economic development tools are more effective and should be retained.

Speaking from my experience of evaluating investments through the lens of common financial measurements such as payback and discounted cash flows; economic development tools which support the project at the front end are much more impactful than slightly lower tax rates realized over many years in the future. Moreover, tax policies can change from year to year, so there is no guarantee that a lower tax rate in one year will be retained for multiple years.

Economic Development tools do impact the location being considered; especially if a wholistic approach is followed that contains a range of strategies aimed at improving multiple aspects of a region like infrastructure and housing. Economic development tools not only increase the economic activity of the direct recipients, but they also boost the economic activity of secondary beneficiaries in the communities.

As you may be aware, Great Plains Manufacturing over the past few years, has purchased and converted two large unoccupied buildings into two new manufacturing plants; one in Abilene and the other in Salina. Both of these projects have benefited directly from Economic Development tools. This positive experience also gave Kubota Corporation, the confidence to choose Salina as the location to open a North America Engineering Center to design the all the upcoming new Construction Equipment products.

To date, at these locations only, Great Plains has spent:

- Over \$225 million in capital expenditures for buildings, improvements and new manufacturing equipment. Many of the contractors were local.
- Over \$50 million in start-up expenses; primarily in the form of wages and supplies.
- Now employs over 650 employees at these locations with a payroll over \$35 million a year.

Moreover, the planned development of the South Salina location is not yet done. Considerable expansion, spending and hiring of additional employees at this site still remain.

As we continue to grow and evaluate future manufacturing capacity needs, available economic development tools will be a factor impacting the selection of the next location. Not having this suite of tools available would be a concern.

In closing, I appreciate the opportunity to share these views with you and ask this committee to not support the passage of this bill. Rather, I ask that you retain the current Economic Development tools such as HPIP, PEAK, Industrial Revenue Bonds, Star Bonds and KDOT programs.

Sincerely,

Tim Henry
Chief Financial Officer