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CZIB

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Software business considering locating from out of state into the Kansas Metropolitan Statistical Area (MSA)
Using \$1,000,000 capital investment threshold - 20 net new jobs and no training tax credit

Assumptions:

Total investment of \$6,500,000 over 5 years
Total jobs of 70 over 5 years
Type of business - Software developer
Job creation is \$1,500 per net new job

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|-------------|-----------|-----------|-----------|-------------|
| Investment | \$3,000,000 | \$875,000 | \$875,000 | \$875,000 | \$875,000 |
| Job creation | 30 | 10 | 10 | 10 | 10 |
| | | | | | |
| Benefits under the current tax credit programs | | | | | |
| HPIP (minus first \$50,000) | \$295,000 | \$82,500 | \$82,500 | \$82,500 | \$82,500 |
| Business & Job Tax credit | \$45,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| Training tax credit | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Sales tax exemption (using 7.225) | \$72,250 | \$63,219 | \$63,219 | \$63,219 | \$63,219 |
| Total benefit | | | | | |
| | | | | | \$1,305,126 |
| Benefits under the proposed legislation | | | | | |
| Investment tax credit (\$50,000 will no longer be deducted) | \$300,000 | \$0 | \$0 | \$0 | \$0 |
| Jobs Credit | \$45,000 | \$0 | \$0 | \$0 | \$0 |
| Sales tax exemption (using 7.225) | \$72,250 | \$0 | \$0 | \$0 | \$0 |
| Training Tax Credit | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total benefit | | | | | |
| | | | | | \$417,250 |

By raising the investment level from \$50,000 to \$1,000,000 in any given year and raising the job creation requirement from 5 to 20 jobs the company will lose \$887,876 in incentives that would be offered under the current incentive programs.

**Existing manufacturing business considering a new location/could locate in either Kansas or Missouri
Using \$1,000,000 capital investment threshold - 20 net new jobs and no training tax credit**

Assumptions:

- Total investment of \$1,400,000 over 5 years
- Total of 25 jobs added over the next 5 years
- Type of business - Manufacturer of electronic components
- Job creation is \$1,500 per net new job
- Existing jobs - 30
- One half of the equipment investment each year is for non-manufacturing equipment.
- Training tax credit - The company can earn up to \$50,000 each year but we are only estimating the company will earn \$20,000 each year.
- This company is a Sub S and is taxed at the individual level.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | |
|---|-----------|-----------|-----------|-----------|-----------|------------------|
| Investment | \$600,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$1,400,000 |
| Job creation | 5 | 5 | 5 | 5 | 5 | 25 |
| Benefits under the current tax credit programs | | | | | | |
| HPIP (minus first \$50,000) | \$45,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 | \$105,000 |
| Business & Job Tax credit | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$37,500 |
| Training tax credit | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$100,000 |
| Sales tax exemption (using 7.225) | \$7,225 | \$7,225 | \$7,225 | \$7,225 | \$7,225 | \$36,125 |
| Total benefit | | | | | | \$278,625 |
| Benefits under the proposed legislation | | | | | | |
| Investment tax credit (\$50,000 will no longer be deducted) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Jobs Credit | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sales tax exemption (using 7.225) | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Training Tax Credit | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total benefit | | | | | | \$0 |

By raising the investment level from \$50,000 to \$1,000,000 in any given year and raising the job creation requirement from 2 to 20 jobs the company will lose \$278,625 in incentives that would be offered under the current incentive programs.

Yellow reflects those companies that had <\$300,000 investment
 Orange reflects those companies that had \$300,000 of investment but still < \$1,000,000

| Tax Increase if proposed legislation passes | | | | | | | | | |
|---|----------------------------|------------------------------------|---------------|-------------|--------------|--------------|--------------|-------------------|--|
| COMPANY NAME | FLOW THRU ENTITY OR C CORP | INDUSTRY | CITY | 2001 | 2002 | 2003 | 2004 | 2005 | |
| | FT | Manufacturer | Lenexa | | | | \$234,360 | \$1,154,110 | |
| | C | Document Processing | Olathe | | | | \$8,324,220 | \$2,642,800 | |
| | C | Wholesale Food Distribution | Kansas City | | \$1,982,080 | \$5,969,410 | \$7,117,760 | \$6,696,510 | |
| | FT | Technologies | Leawood | | | \$296,740 | \$609,540 | | |
| | FT | Consulting | Leawood | | | \$402,250 | \$1,323,900 | | |
| | C | Consulting | Leawood | | | \$2,533,670 | \$3,866,490 | \$3,175,050 | |
| | C | Insurance | Leawood | | | \$6,096,070 | \$5,451,010 | | |
| | C | Medical Billing | Leawood | | | \$803,100 | \$1,530,800 | | |
| | C | Accounting | Leawood | | | \$11,324,260 | \$9,111,480 | \$758,960 | |
| | FT | Gasoline Distributor | Overland Park | \$2,692,860 | \$3,313,230 | \$249,300 | \$737,990 | \$762,210 | |
| | FT | Call Center | Overland Park | | | | | \$180,730 | |
| | FT | Develop Educational Products | Meriam | | | | | \$1,432,180 | |
| | C | Manufacturer | Olathe | | | | | Not completed yet | |
| | FT | Nonmanufacturer/Non retail | Leawood | | \$1,880,280 | \$145,820 | \$54,300 | \$124,530 | |
| | FT | Manufacturer | Kansas City | | \$2,892,400 | \$588,000 | \$247,670 | \$308,370 | |
| | FT | Manufacturer | Lenexa | | | | \$1,783,630 | \$871,510 | |
| | FT | Manufacturer | Lawrence | | \$91,680 | \$927,340 | \$400,190 | | |
| | FT | Manufacturer | Leawood | | | | \$3,048,700 | \$1,059,370 | |
| | FT | Outsourcing/Headquarters | Leawood | | | | \$10,645,560 | \$204,140 | |
| | FT | Commercial Equipment Leasing | Lenexa | | \$1,475,220 | | | | |
| | FT | Architects | Overland Park | | | | | \$483,200 | |
| | FT | Headquarters | Tonganoxie | | | \$417,390 | \$490,190 | \$327,890 | |
| | FT | Manufacturer | Gardner | \$219,220 | \$402,710 | \$450,890 | \$777,910 | Not completed yet | |
| | C | Energy Consulting | Overland Park | | | \$497,270 | \$277,670 | \$776,670 | |
| | C | Manufacturer | Lenexa | \$255,870 | \$333,380 | \$306,520 | \$124,980 | | |
| | FT | Management Services | Lenexa | \$1,002,860 | \$108,430 | | | | |
| | FT | Provides Network Electronic Servid | Lenexa | | | | | \$730,490 | |
| | C | Distributor of ceiling tiles | Kansas City | | | \$1,363,520 | \$685,320 | \$299,340 | |
| | C | Manufacturer | Kansas City | | | | | Not completed yet | |
| | FT | Printing | Lenexa | | \$800,380 | \$333,620 | \$186,990 | \$347,555 | |
| Total investment | | | | 41,708.10 | \$10,279,740 | \$32,105,170 | \$57,170,860 | \$22,329,615 | |

All of these clients have used the sales tax exemption certificate either under HPIP or based on job creation.
 Based on historic investment 14 of the 30 companies will be adversely affected by raising the investment to the \$300,000 threshold.
 Based on historic investment 21 of the 30 companies will be adversely affected by raising the investment to the \$1,000,000 threshold.
 17 more clients will be HPIP certified in for 2007/2008 tax years that are not listed in this spreadsheet.
 19 of the 30 Kansas City area companies are Flow through entities

**Software business considering locating from out of state into the Kansas Metropolitan Statistical Area (MSA)
Using Joan's numbers of \$300,000 min. investment - 10 jobs over a two years and no training tax credit**

Assumptions:

Total investment of \$6,500,000 over 5 years

Total jobs of 70 over 5 years

Type of business - Software developer

Job creation is \$1,500 per net new job

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|-------------|-----------|-----------|-----------|-----------|
| Investment | \$3,000,000 | \$875,000 | \$875,000 | \$875,000 | \$875,000 |
| Job creation | 30 | 10 | 10 | 10 | 10 |
| | | | | | |
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| Benefits under the current tax credit programs | | | | | |
| HPIP (minus first \$50,000) | \$295,000 | \$82,500 | \$82,500 | \$82,500 | \$82,500 |
| Business & Job Tax credit | \$45,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| Training tax credit | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Sales tax exemption (using 7.225) | \$72,250 | \$63,219 | \$63,219 | \$63,219 | \$63,219 |
| Total benefit | | | | | |
| | | | | | |
| Benefits under the proposed legislation | | | | | |
| Investment tax credit (\$50,000 will no longer be deducted) | \$300,000 | \$87,500 | \$87,500 | \$87,500 | \$87,500 |
| Jobs Credit | \$45,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| Sales tax exemption (using 7.225) | \$72,250 | \$63,219 | \$63,219 | \$63,219 | \$63,219 |
| Training Tax Credit | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total benefit | | | | | |
| | | | | | |

By raising the investment level from \$50,000 to \$300,000 in any given year and raising the job creation requirement from 5 to 10 over a two year period - the company will lose \$225,000 in incentives that would be offered under the current incentive programs.

**Existing manufacturing business considering a new location/could locate in either Kansas or Missouri
Using Joan's numbers of \$300,000 min. investment - 10 jobs over a two years and no training tax credit**

Assumptions:

Total investment of \$1,400,000 over 5 years
Total of 25 jobs added over the next 5 years
Type of business - Manufacturer of electronic components
Job creation is \$1,500 per net new job
Existing jobs - 30

One half of the equipment investment each year is for non-manufacturing equipment.
Training tax credit - The company can earn up to \$50,000 each year but we are only estimating the company will earn \$20,000 each year.
This company is a Sub S and is taxed at the individual level.

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 |
|---|-----------|-----------|-----------|-----------|------------------|
| Investment | \$600,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 |
| Job creation | 5 | 5 | 5 | 5 | 5 |
| | | | | | 25 |
| Benefits under the current tax credit programs | | | | | |
| HPIP (minus first \$50,000) | \$45,000 | \$15,000 | \$15,000 | \$15,000 | \$15,000 |
| Business & Job Tax credit | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 |
| Training tax credit | \$20,000 | \$20,000 | \$20,000 | \$20,000 | \$20,000 |
| Sales tax exemption (using 7.225) | \$7,225 | \$7,225 | \$7,225 | \$7,225 | \$7,225 |
| Total benefit | | | | | \$276,625 |
| Benefits under the proposed legislation | | | | | |
| Investment tax credit (\$50,000 will no longer be deducted) | \$60,000 | \$0 | \$0 | \$0 | \$0 |
| Jobs Credit | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$0 |
| Sales tax exemption (using 7.225) | \$7,225 | \$7,225 | \$7,225 | \$7,225 | \$0 |
| Training Tax Credit | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total benefit | | | | | \$118,900 |

By raising the investment level from \$50,000 to \$300,000 in any given year and raising the job creation requirement from 2 to 10 over two years - the company could lose \$159,725 in incentives that would be offered under the current incentive programs.