



## Written Testimony in Support of Senate Bill 457

### Senate Assessment & Taxation Committee Monday, March 12, 2012

Chairman Donovan and Members of the Senate Assessment & Taxation Committee:

My name is Jennifer Bruning, and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce and Economic Development Council. I am submitting written testimony today in support of Senate Bill 457 on behalf of our Board of Directors and our nearly 1,000 member companies.

Senate Bill 457 allows companies relocating to Kansas with 10 or more employees the option of utilizing a single-factor apportionment method (based only on sales in Kansas) or a three-factor formula (based on the share of the company's employees, physical assets and sales in Kansas) when determining how much of its profits are taxable, provided the company does not accept any other state incentives.

Allowance of this type of taxing option is an effective means of promoting economic development in Kansas, especially since our neighboring state and biggest economic development competitor, Missouri, already allows such a choice. Under single-factor apportionment, the only factor used to determine a company's income tax is its sales in Kansas. Most manufacturers have their assets and employees in a small number of states, but sell their product(s) regionally or nationally. If Kansas now allows those companies that relocate their business to Kansas the choice of utilizing a single-factor formula when they had been using a three-factor formula in their prior location, then their income tax bill can be reduced dramatically. This option is sure to become a very effective economic development tool for our State and region.

While we understand the fiscal note implications, we encourage the Committee to consider extending this formula option to existing Kansas companies that are looking to expand and create a significant amount of new jobs in the state.

We respectfully urge you to support Senate Bill 457. Thank you.

Sn. Assmnt & Tax  
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Attachment # 1