



R. Lee Harris, CRE,  
CPM  
President  
Main 913.671.3300  
Direct 913.671-3332  
Fax 913.671.3301  
Email lharris@conenesrey.com

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Senate Commerce Committee  
Kansas Statehouse  
Topeka, Kansas

RE: *SB 342--Proposed Economic Development Tax Incentive Reforms*

Dear Senators:

I am writing to express my concern regarding the proposed economic development tax incentive reforms, which I believe will have a tremendously negative impact on small and medium businesses in the State of Kansas. Furthermore, the changes will affect the state's ability to attract new companies to relocate their businesses to Kansas.

Taxes matter to business. They affect business decisions, job creation and retention, plant location, competition and the long-term health of our state's economy. Although some things are beyond our control in creating an attractive business climate, Kansas can direct its own tax policies.

The Governor's proposed changes will most negatively affect small and medium-sized businesses in the following areas:

**Qualification for Investment Tax Credit**

- Current Standard:  
Invest at least **\$50,000** at a company's qualified business facility.
- Proposed Standard:  
Invest at least **\$1,000,000** at a company's qualified business facility. Investments less than that amount (except in Opportunity Zones) will not qualify.

**HPIP "Simplifications/Eliminations"**

- Current Standard:  
Businesses can receive up to \$50,000 in a training tax credit each year.
- Proposed Standard:  
**Eliminate** the training tax credit altogether.

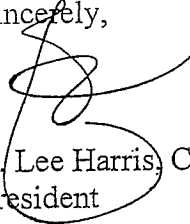
*This will affect approximately 90 percent of businesses that are currently HPIP certified in Kansas.*

**Job Credit Requirements to Qualify for a Credit of \$1,500 for Each Net New Employee**

- Current Standard:
  - 2 Net New Manufacturing Jobs
  - OR
  - 5 Net New Non-Manufacturing / Non-Retail Jobs  
(As determined by the net gain in employees on the payroll at year-end)
- Proposed Standard:
  - Minimum of **20** Net New Jobs

As our legislative representatives, it is imperative that you protect and foster the business climate in the State of Kansas. Kansas has worked tirelessly to attract new businesses and to retain the ones that it currently has. Why would we now take a step backward, damaging the groundwork that has been laid to create a positive culture for business in our state? Small and mid-size businesses stand to lose and lose greatly in this new equation. With that in mind, I implore you to act in the best interest of those in your districts by taking steps *now* to diffuse this situation *before* the proposed changes become a bitter reality.

Sincerely,



R. Lee Harris, CRE, CPM  
President