



Date: May 10, 2017
To: Chairman Steven Johnson and House Taxation Committee
From: Ken Evans, Strategic Communications Director, City of Wichita
Subject: Written Testimony Opposing SB 146

The City of Wichita opposes SB 146 for the following reasons.

Whether intended or not, the bill's **impact is anti-economic growth.**

- IRBs (created by federal law), and EDXs (created by state law) have proven to spur job creation and development.
- They are tightly controlled in our city with the necessary targets and clawbacks.
- State law requires a cost-benefit analysis be performed for each project.
- In addition, Wichita requires at least a 1.3:1 return on investment for abatements to be considered.

The bill would place cities in Kansas, such as Wichita, at a **competitive disadvantage for job growth and investment.**

- Wichita has listened to taxpayers, and now prefers strategic use of such abatements over cash incentives.

Wichita Projects approved 2016-2017:

- *Capital Investment: \$826,150,000*
- *Net New Jobs: 1886*
- *Avg. Wage: \$53,661*
- *Taxes still owed: \$8,998,300*

The bill would **eliminate significant job creation and hundreds of millions of dollars in investment from projects currently in the pipeline.**

- The majority of tax abatements are on expansion projects, not existing property. If not for these IRB and EDX abatements, these expansion projects would not be done.

The bill is **short-sighted and short-term** in focus, ignoring the jobs, development, and growth in revenues achieved via these incentives.

- Even with these abatements, local and state governments (including schools) still receive the current taxes from businesses during the project term – and also receive more when the districts and incentives expire. This bill would actually reduce the total amount of tax dollars available to fund public services.

The bill attempts to circumvent **constitutional and statutory home rule for local governments**, including cities, counties and school districts. Currently most do not object when proposed abatements come forward.

Thank you for your consideration of these matters.