

Kansas Department of Commerce Department Overview and Special Initiatives

**Prepared for the Senate Commerce Committee
Room 548-S, The Statehouse
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Promoting Employment Across Kansas (PEAK)

The Promoting Employment Across Kansas (PEAK) program is the primary economic development tool that the Department of Commerce uses to support business growth and job creation in Kansas.

The creation of the Promoting Employment Across Kansas (PEAK) Act, K.S.A. 2015 Supp. 74-50,210 through 74-50, 219, was passed by the 2009 Kansas Legislature. PEAK is intended to encourage economic development in Kansas by incenting companies to relocate, locate or expand business operations and jobs in Kansas.

The Secretary of Commerce has discretion to approve applications of qualified companies and determine the PEAK benefit. During the benefit term, participating PEAK companies may receive 95 percent (95%) of the Kansas withholding tax of PEAK-Eligible employees/jobs that are paid at or above the county median wage where the PEAK business facility is located. Depending on the number of PEAK jobs/employees to be hired over a five-year period and their wage levels, the Secretary can approve a PEAK benefit for up to 10 years.

PEAK requires the qualified company to commit to creating a minimum of five new jobs in non-metropolitan counties or ten (10) new jobs in the metropolitan counties of Shawnee, Douglas, Wyandotte, Johnson, Leavenworth and Sedgwick within a two-year period. The qualified company must also pay wages to the PEAK jobs/employees, that when aggregated, meet or exceed the county median wage or North American Industry Classification System (NAICS) average wage for their industry.

Qualified applicants include for-profit companies in eligible NAICS codes and not-for-profit headquarters facilities. Such companies must make available to its full-time employees “adequate” health insurance coverage and be paying at least 50% of the premium.

To date, 239 companies submitted a PEAK report for at least one FY 2016 quarterly reporting period. Of the companies that submitted at least one report, the projected capital investment is \$2,296,078,571. During FY 2016 these companies combined to employ around 15,237 total PEAK Jobs with an average wage of \$39.87 hourly and, as a result, the total payroll was \$1.1 billion and the companies earned \$27,948,901 in PEAK Benefit.

In 2009, the PEAK program played a vital role in the decision of General Motors to relocate, from Canada and Michigan, manufacturing operations for the new Buick LaCrosse and Malibu models to Wyandotte County. GM projected 1,478 jobs related to these manufacturing lines would be relocated to Kansas and paid an average wage of \$61,700 annually. These jobs would create over \$90 million in annual payroll. The total new project investment of over \$126 million in the state included \$115 million for additional equipment and \$11.8 million to expand the GM Fairfax facility. Indirect payroll is estimated at over \$100 million and 2,541 indirect jobs are estimated using standard economic development multipliers for the auto industry NAICS code. But for the PEAK program and various other Kansas incentive programs, these jobs, payroll and investment would not have come to Kansas.

Per a Legislative Post Audit report from December 2014, a Return on Investment of \$57 to every \$1 of incentive was received for the PEAK Program. PEAK has become one of Kansas' most important economic development tools.