



AMERICANS FOR PROSPERITY®

Testimony on Senate Bill 222

March 10, 2017

Thank you for the opportunity to speak today. My name is Jeff Glendening and I am the Kansas State Director of Americans for Prosperity, the state's largest grassroots advocate for free markets. On behalf of the over 50,000 AFP activists in Kansas, I urge you to support Senate Bill 222 which would impose a one year freeze on the PEAK program, and also urge considering other legislation which would repeal the program entirely.

Across the nation, multiple states have created tax credit programs such as PEAK in order to bring jobs into the state and jumpstart economic growth. Americans for Prosperity has time and time again encountered legislators sure that their newest, well designed program will be the magic bullet to shake their state from its economic funk. Year these programs always fail to deliver the promises of their proponents, and taxpayers are left holding the bag.

Equally as concerning, many of these programs, which spend tens of millions of taxpayer dollars, are rarely evaluated for performance or the evaluations are left to industry groups that have an incentive to inflate the benefits of the program. For example, studies have revealed film tax credits to be economic losers for their states, sometimes only returning as little as 12 cents on the dollar. Not to be deterred, industry groups continue to claim the effects are positive. The PEAK program is no exception to this phenomenon.

Although certain Kansas state reports have shown a positive return on investment for the PEAK program, a deeper look at the numbers and report paint a much different picture. An audit of the PEAK program found that they "encountered numerous problems with how program data were maintained and reported." Furthermore, it turns out that many of the companies that were required by law to complete reports to the state about their program had failed to do so, and that employees had failed to review them. For example, in December of 2012, 13 percent of the companies had not submitted their latest annual reports. Even more concerning, many of the tax credit amounts given out did not match official records.

Given the state's current budget woes, continuing to spend money on a program whose effectiveness is in question while at the same time considering tax increases on everyday Kansans is simply unconscionable. This legislature must at a minimum suspend this program, and ideally work to end it. I urge you to support Senate Bill 222 and protect both the Kansas budget and taxpayers.

Sincerely,
Jeff Glendening
Kansas State Director
Americans for Prosperity