



Senate Committee on Commerce
Testimony in Support of Senate Bill 334
Presented by Eric Stafford, Vice President of Government Affairs

Wednesday, February 7, 2018

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of Senate Bill 334 which modifies the High-Performance Incentive Program (HPIP).

HPIP has become one of the state's most valuable incentive programs for existing Kansas businesses, and for businesses moving into the state. According to testimony last year in this committee from the Department of Commerce, "The High-Performance Incentive Program provides a very profound return on investment based on the quality jobs and amount of capital investment generated by the program. For the certifications issued in FY16, companies identified over \$3 billion in new capital investment; 5,562 new jobs and \$307 million in new payroll associated with those new jobs over the next three years."

HPIP provides several tax credits for businesses who make qualifying investments in our state. First is a sales tax exemption to use with the company's eligible capital investments. Second is a training tax credit of up to \$50,000. Third and most important to this bill, HPIP allows for a 10% investment tax credit to be claimed against a company's tax liability for an investment that exceeds \$50,000 (\$1 million in metro counties). These credits can be carried forward for 16 years.

Qualifying businesses that have made a significant investment must show a profit in order to claim their tax credits. If after the 16 years of eligibility under HPIP all credits are not used, that company would lose their remaining credits. Senate Bill 334 attempts to extend that period for businesses with remaining tax credits indefinitely, with the trade off that the value of those credits will only be worth 75% of the remaining amount going forward. Additionally, SB 334 qualifies that no more than 25% of the remaining amount can be claimed in any one year following the 16-year window.

In closing, the HPIP program has shown a strong return on investment for our state and our business community. We would ask for your support of Senate Bill 334 which grants an extension of tax credits for qualifying companies who have invested in our state. Thank you for the opportunity to testify in support of this bill, and I am happy to answer any questions at the appropriate time.