



**House Commerce, Labor and Economic Development
Testimony in Opposition to House Bill 2006
Presented by Eric Stafford, Vice President of Government Affairs**

Thursday, January 31, 2019

Mister Chairman 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 opposition to House Bill 2006 which would create an online database with taxpayer information of those receiving economic development incentives.

Our members have expressed concern over having information available specific to their company taxpayer records disclosed on a public website. As an alternative approach for the legislature to consider, we would ask this committee to research and review recommendations from Pew Trusts, and their published report titled “How States are Improving Tax Incentives for Jobs and Growth.”

Multiple states have used the Pew recommendations as guidance for periodic review of the effectiveness of incentive programs. In our testimony, we will use Indiana as an example which is seen as one of the leading states on these reform efforts. Links to Indiana reports, the Pew report and further background information is included at the end of our testimony.

Pew recommends states tax these three steps:

1. Make a plan. Lawmakers need to put processes in place to regularly evaluate the results of major tax incentives. Well-designed evaluation plans ensure that the state’s full portfolio of incentives is examined, that nonpartisan staff with relevant expertise are tasked with the analyses, and that the reviews take place on a strategic schedule.
2. Measure the impact. High-quality evaluations carefully assess the results of incentives for the state’s budget and economy. To do so, evaluators must estimate the extent to which incentives successfully changed business behavior, as opposed to rewarding what companies would have done anyway.
3. Inform policy choices. Lawmakers and executive branch officials should use the findings of evaluations to improve the effectiveness of tax incentives. Policy improvements are more likely when states have a formal process that ensures lawmakers will consider the results—for example, by holding legislative hearings on evaluations.

If the concern from legislators is evaluating the effectiveness of incentive programs, having an independent review from a group such as Kansas Legislative Research Department every three to five years in our view would be much more effective than a database disclosing sensitive taxpayer information with no clear intent of the use of such information. Will publishing this data result in any desired change of ineffective programs?

We appreciate the opportunity to testify in opposition to House Bill 2006 and would be happy to answer questions at the appropriate time.

Pew Report- How States are Improving Tax Incentives for Jobs and Growth

<https://www.pewtrusts.org/en/research-and-analysis/reports/2017/05/how-states-are-improving-tax-incentives-for-jobs-and-growth>

Pew- Tax Incentive Evaluation in 2016- in Law and Practice

<https://www.pewtrusts.org/en/research-and-analysis/articles/2016/09/14/tax-incentive-evaluation-in-2016-in-law-and-practice>

Indiana Tax Incentive Report

http://iga.in.gov/legislative/2019/publications/tax_incentive_review/

Indiana Tax Incentive Review Statute

<https://codes.findlaw.com/in/title-2-general-assembly/in-code-sect-2-5-3-2-1.html>

Indiana requirement for Economic Development Corporation to submit annual report

<https://codes.findlaw.com/in/title-5-state-and-local-administration/in-code-sect-5-28-28-5.html>

Indiana Tax Expenditure report that is done in conjunction with tax incentive review

<http://iga.in.gov/static-documents/5/2/4/f/524f35ff/2018-tax-expenditure-review-1031.pdf>