



31 January 2019

Representative Sean Tarwater

Chair - House Commerce, Labor and Economic Development Committee

Representative Tarwater and Members of the Committee:

The Overland Park Chamber of Commerce believes strong state economic development tools are vital for local business recruitment and retention. We believe programs such as PEAK, HPIP and STAR Bonds have proven to be effective in helping us recruit and retain employers and train employees. These companies and their employees are making significant contributions to the economic bottom line of the cities and counties where they are located and to the State of Kansas.

We have no objection to evaluating tax incentive programs. We believe these programs should provide a return on investment for the state and gathering appropriate data to ensure accountability is a worthwhile endeavor. However, we are concerned that provisions of this bill may be counterproductive to our recruitment efforts – especially when it comes to protecting confidentiality. We ask that you proceed with caution to ensure private information is secure and in no way jeopardizes agreements being negotiated or provisions of agreements that have been executed.

Economic development is very competitive venture and for a variety of reasons the utmost confidentiality must be maintained. Exposing sensitive information can quickly eliminate our state from consideration. We fear provisions of this bill might jeopardize confidentiality and therefore jeopardize recruitment and retention efforts. For example, lines 22-27 of page 3 are of concern. The bill appears to provide confidentiality protections for agreements executed before July 1, 2019 and the bill also grants discretion to the secretary of commerce regarding STAR bonds. What protections would be in place for agreements executed after July 1, 2019? What protections would be in place for incentive programs other than STAR bonds?

The PEW Charitable Trusts looked at how several states evaluated their economic development incentives. They uncovered common themes and identified several states who have been able to effectively evaluate economic development programs without jeopardizing confidentiality. We urge the Committee to consider their findings on this very topic and consider using their analysis as a basis for an evaluation process in Kansas.

In reviewing the PEW brief, three key points stood out:

1. Ensuring seamless inter-agency access to improve data quality and reporting is essential
2. Confidentiality agreements must be utilized as needed to protect sensitive data
3. Reporting must be streamlined to minimize the reporting burden for businesses

We have no objection to the State of Kansas reviewing economic development tools to ensure taxpayer resources are being used effectively. We stand ready to assist in developing a review process that provides the accountability needed while simultaneously protecting the ability of economic development professionals to recruit and retain employers throughout the state.