



Subject: Amend HB 2044/SB 26 to keep small businesses alive

Debbie Bartuccio

My name is Don McGinty, and I am the president and owner of The McGinty Machine Co., Inc., a small aerospace manufacturer in Wichita. I am writing to you today regarding HB 2044/SB 26. This bill will provide a 15 percent tax credit to companies purchasing from qualified vendors employing blind or disabled individuals. While the premise of the bill seems good, I have a few concerns I would appreciate you considering when voting on Wednesday:

- Qualified companies, as defined by the bill, are few (i.e., Center Industries, Envision, Goodwill). These companies already have blind or disabled individuals make up more than 30 percent of their employees; therefore, this bill does not increase the employment of the blind or disabled. If we want to improve the number of blind or disabled individuals in the workforce, then increase the percentage to a minimum of 50 percent blind or disabled individuals. This promotes hiring above the 30 percent these companies already have.
- **The bill helps only a handful of Kansas companies, while leaving the majority at a disadvantage.** These qualified companies, many of which will be doing nothing differently to meet the requirements to be qualified, will have a competitive advantage over all other small businesses in Kansas when competing for the same contracts.
- For the majority of small businesses, in order to meet the requirements to become a qualified vendor and remain competitive, we would need to lay off 30 percent of our current employees to be able to hire 30 percent blind or disabled individuals. This is something most small business cannot afford to do, especially when you consider special equipment that would need to be purchased and decreased productivity during the turnover and training process.
- According to the fiscal note prepared by the Director of the Budget, the bill, as introduced, could reduce revenues to the state general fund (SGF) by \$1.7 million in FY2020, and expenditures could increase by \$887,370 from the SGF. The expenditures would include \$845,245 for the Department of Revenue to implement the bill and modify the automated tax system, and \$42,125, including the cost a 0.5 full-time equivalent position, for the Department of Commerce to administer the bill.

In summary, the cost to Kansas and the cost to Kansas small businesses is too great. Helping the blind and disabled is a noble calling, but I am sure we can find a better way than putting the majority of small businesses in Kansas at a disadvantage.

Thank you for your consideration,
Don McGinty