



**House Committee on Rural Revitalization
Hearing on HB 2131
Hearing Date – Thursday, February 14, 2019**

**Written only Testimony in Support of HB 2131
on behalf of the Kansas Economic Development Alliance
by Trent Armbrust, Board Member
trent@manhattan.org www.kansaseda.com**

Chairman Hineman and Members of the Committee,

Thank you for the opportunity to provide testimony in favor of HB 2131, Spur Kansas Growth Act. The Kansas Economic Development Alliance (KEDA) is a member association representing economic development professionals and organizations from across the state of Kansas. Our members work daily in Kansas communities with public and private partners to grow the Kansas economy through new and expanding businesses leading to job creation and capital investment.

The Spur Kansas Growth Act would allow the sales tax provisions of the old Enterprise Zone legislation to be reinstated. The reinstatement of the sales tax provisions will provide an additional tool in the economic development tool box when a community is helping establish or expand businesses which will create new jobs.

HB 2131 simply strikes the language that was inserted into statute to end the Enterprise Zone Program. Enterprise Zone's previously had two parts, one of which allowed sales tax exemptions for the purpose of and in conjunction with constructing, reconstructing, enlarging or remodeling a business or retail business that meets the requirements established in K.S.A. 74-50,115, the second part of the old Enterprise Zone program provided tax credits for jobs created. This bill is not asking that the tax credits for jobs created be reinstated. This bill would only reinstate the sales tax exemption provisions.

HB 2131 provides an additional tool in communities tool boxes to provide sales tax exemptions for smaller projects, projects which might not be appropriate for the other state incentive programs, or projects in which the company would prefer just the sales tax exemption and not the other tax incentives offered through other programs. While the community and state would be foregoing the initial sales tax, jobs and corresponding economic activity would be generated during the project construction or expansion, the resulting project would provide new jobs which would increase payroll taxes, new and improved buildings which are worth more would increase the counties' valuation, and the new business would increase both state and local revenue from the operation of the business well into the future.

KEDA stands ready to work with the Department of Commerce, the Legislature and other partners to grow the Kansas economy with strong economic development tools. Thank you for this opportunity to provide support to HB 2131.