



March 11, 2019
Senate Commerce Committee
Room 548-S

Testimony re: H.B. 2006, regarding the creation of a database of economic development incentive program information

Dear Chairwoman Lynn, Vice Chairwoman Pilcher-Cook, Ranking Member Holland and Members of the Committee:

Thank you for the opportunity to speak today. My name is Elizabeth Patton and I am the Kansas Deputy State Director of Americans for Prosperity. As one of the largest grassroots organizations in the nation, Americans for Prosperity (AFP) is dedicated to educating citizens on how free market policies lead to more Kansas residents living their version of the American dream.

Through broad-based grassroots outreach, AFP is driving long-term solutions to the country's biggest problems. AFP activists engage friends and neighbors on key issues and encourage them to take an active role in building a culture of mutual benefit, where people succeed by helping one another. AFP recruits and unites activists in 36 states behind a common goal of advancing policies that will help people improve their lives.

AFP has long been committed to promoting fairness in public policy by standing up against taxpayer-funded corporate handouts—a widespread problem at all levels of government. One important first step for positive reform in this area is increasing government transparency. H.B. 2006, the legislation before this committee today, does precisely that. By requiring the Department of Commerce to publicly disclose economic development incentive program data, this bill will help empower citizens of our state to hold our elected officials accountable with their tax dollars.

It is no secret that Kansas could do better when it comes to transparency for taxpayer-funded economic development incentives. In fact, a recent [report](#)¹ from PEW Charitable Trusts found that Kansas is lagging behind other states in terms of disclosure and reform for these often expensive and fruitless programs. To make matters worse, even when based on limited information, the Good Jobs First subsidy [tracker](#)² has identified nearly \$800 million in taxpayer

¹ https://www.pewtrusts.org/-/media/assets/2017/05/edti_how_states_are_improving_tax_incentives_for_jobs_and_growth.pdf?la=en&hash=30874D04D965B7C2AEBEA57ECE303ABBDB2D8A71

² <https://subsidytracker.goodjobsfirst.org/state/KS>

incentives distributed since 1985 (with the majority of those just since 2009). As a result of a lack of transparency, the people of Kansas currently don't know exactly where those tax dollars have gone or the impact of the programs they created.

What is known, however, is that targeted economic development incentives are costly and generally ineffective. According to the Mercatus Center, states spend somewhere between [\\$48 billion](#)³ and [\\$70 billion](#)⁴ annually on targeted incentives. Yet neither economic theory nor empirical evidence [suggests](#)⁵ that these targeted incentives work. In fact, [research indicates](#)⁶ that those states that hand out more targeted incentives tend to have lower levels of measured economic freedom. In other words, the states that pursue targeted approaches more vigorously seem to be less likely to pursue the growth strategy that actually works.

The first step toward reform is to fully understand the problem and scope of corporate welfare, which is made more possible by increasing government transparency. By requiring the state to publish information about program costs, returns on investment, benchmarks for continued funding, and qualification criteria, H.B. 2006 will help shed much needed sunlight on spending programs that currently lack transparency. The availability of this information will allow taxpayers and lawmakers to learn more about exactly where the dollars are going and to push for reforms and elimination of programs that are not paying off. The important next step will be for lawmakers to follow through with reforms that seek to eliminate all of these expenditures in favor of lower tax rates across the board.

It is time for Kansas to move past this failed policy of economic development incentives to create real opportunity. Prosperity comes when government gets out of the way and lets individuals of Kansas create new and innovative products which make all of our lives better. It is time for a new approach and a new future for Kansas. I urge the committee to pass this important legislation.

Elizabeth Patton

Kansas Deputy State Director
Americans for Prosperity

³ <https://upjohn.org/models/bied/maps/ReportFinal.pdf>

⁴ <https://www.goodjobsfirst.org/gasb-statement-no-77>

⁵ <http://journal.srsa.org/ojs/index.php/RRS/article/view/1184>

⁶ <http://journal.srsa.org/ojs/index.php/RRS/article/view/1002>