



March 11, 2021

Madame Chair and Members of the Senate Assessment and Taxation Committee,

On behalf of the Wichita Regional Chamber of Commerce and our 1,500 members, thank you for the opportunity to provide testimony in support of SB 286; AN ACT concerning economic development; relating to the COVID-19 pandemic in Kansas; creating the COVID-19 governmental use claims fund; providing funds for impacted businesses; providing for income tax credits for impacted businesses; providing for the reimbursement to certain property owners of property taxes resulting from a forced shutdown or capacity limitation; providing for a business loan forgiveness program.

This legislation provides for the reimbursement of costs and lost revenue by Kansas businesses that were either closed or had their operations otherwise restricted by various state and local level units of Kansas government, and thereby were denied the right and ability to earn income. SB 286 would place into law several mechanisms by which businesses could seek to be made whole from pandemic losses exacerbated by the actions of both the state of Kansas and certain cities and counties.

Before going into detail on these mechanisms, it is important to note that units of government that put restrictions on businesses already face legal liability under current Kansas law. While the outcome of these claims will certainly be legally disputed, the Kansas Emergency Management Act (KEMA) currently contemplates a way for businesses and individuals to seek compensation from the government. SB 286 is designed to efficiently resolve potential KEMA claims, thereby dispersing the cloud of liability currently hanging over various units of government.

Businesses are faced with several choices if this bill passes. The first choice, and one available to them regardless of whether SB 286 passes or not, is whether to file a lawsuit against a unit of government that placed restrictions on them. If SB 286 passes and a business chooses not to sue, the business may submit a claim to the Attorney General for compensation from the COVID-19 governmental use claims fund established by the bill. If the claim is granted, the claimant business may take a payout from the fund to compensate them based upon the length of the government shutdown/restrictions. In lieu of payment, a claimant business may elect to take an income tax credit for tax years 2021 and 2022 or a property tax abatement over 10 years. The bill also provides for a business loan forgiveness program at the Kansas Department of Commerce.

Notably, the bill contemplates that the first \$100M in “moneys from the federal government for coronavirus relief aid to the state of Kansas that may be expended at the discretion of the state and are unencumbered” will be used to make up the COVID-19 governmental use claims fund. While Congress continues to debate COVID-19 relief, it appears likely that the state will be granted significant funding from federal stimulus programs.

The Wichita Regional Chamber of Commerce supports the policy concepts detailed in SB 286 to ensure that businesses singled out in an attempt to control the spread of COVID-19 are made whole and remain solvent. This legislation will aid businesses that have faced some of the strictest restrictions, despite great efforts to keep their employees and customers safe during the pandemic. It is critical that these businesses, who through no fault of their own other than being members of certain industries, are reimbursed for lost income and opportunities. While the Chamber appreciates the well-intended efforts of those in leadership positions, the fact remains that certain businesses were restricted or shut down with very limited data used to justify these decisions. In fact, due to the novelty of COVID-19, in many cases there was no empirical data whatsoever to justify the closure of many of the impacted industries. Some of these decisions devastated certain businesses, particularly small businesses, and even whole industries. These restrictions effectively picked a slew of losers among members participating in Kansas commerce. SB 286 evens the playing field for those who lost as a result of COVID-19 pandemic restrictions.

With this in mind, the Wichita Regional Chamber of Commerce asks the Committee to report SB 286 favorable for passage.

Thank you, and I am happy to stand for questions at the appropriate time.

Andrew Wiens
Vice President of Government Relations
Wichita Regional Chamber of Commerce