



Written Testimony in Opposition of Senate Bill 546

By Andrew Nave, Greater Wichita Partnership

Senate Assessment & Taxation Committee

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Chair Tyson and honorable committee members,

On behalf of the Kansas Economic Development Alliance (KEDA) please accept this written testimony in opposition to Senate Bill 546 that would eliminate the Promoting Employment Across Kansas (PEAK) and High-Performance Incentive Program (HPIP) programs.

KEDA is comprised of over 120 economic development professionals and organizations that spread across the state. KEDA members are considered the “front lines” of economic development and community growth by state & local elected leaders in Kansas. There are ***few legislative bills in recent memory that KEDA would oppose as fervently*** as SB 546.

Several years ago, KEDA commissioned a comparison study of state-level economic development incentive and marketing programs. Eliminating PEAK & HPIP ***would make Kansas the only state of its size to not offer compelling economic incentive programs.***

The PEAK and HPIP economic incentive programs are the two primary incentive tools used by our state. And they are programs that have helped in nearly every county and community in Kansas for a wide variety of economic development projects. The former is commonly referred to as a labor-intensive incentive tool that provides defers state withholdings taxes for yet-to-be created jobs in our state. The latter is a capital-intensive tool that provides a state income tax credit on only a portion of promised new capital invested in Kansas.

Additionally, the sales tax exemption that accompanies the HPIP program is one of the rare programs that utilizes both state & local tax increment allowing both levels of government to work collectively to grow the economy. Removing HPIP would hinder local government’s ability to recruit & retain industry to their communities.

Particularly concerning is that PEAK and HPIP are often used when companies are leasing space rather than building new. Local authorities are limited in the use of economic development revenue bonds for existing buildings which means that PEAK and HPIP are the primary incentive tools to help backfill empty factories or vacant office or Main Street buildings across Kansas.

The Kansas Department of Commerce team leans heavily on each of these programs for their recruitment of companies to Kansas but even more for the retention & expansion of existing companies in our state. To do away with these programs would ***take away our “left & right hook” in economic development.***

KEDA adamantly opposed this legislation and requests the opportunity to find a win-win solution that generates long-term economic growth in the State. Thank you for your service to the State and for your thoughtful consideration.