Approved: 4-30-10
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairman Karin Brownlee at 8:30 a.m. on March 9, 2010, in Room 548-S of the Capitol.

All members were present.

Committee staff present:
- Ken Wilke, Office of the Revisor of Statutes
- Reed Holwegner, Kansas Legislative Research Department
- Kathie Sparks, Kansas Legislative Research Department
- Marilyn Arnone, Committee Assistant

3/9

Conferees appearing before the Committee:
- Dave Kerr, Hutchinson
- John Pagen, Manhattan Economic Development
- Robert Vancrum, Greater Kansas City Chamber of Commerce
- Dennis Lauver, Salina Kansas Chamber of Commerce
- Diana Stiles, Norton County Economic Development
- Jason Watkins, Wichita Chamber of Commerce
- Brian Corde, Managing Partner, Atlas Insight, LLC
- Bernie Koch, Kansas Economic Progress Council
- Lavern Squier, Overland Park Economic Development Council
- Representative Marvin Kleeb

Others attending:
See attached list.

Chairperson Brownlee opened the Hearing on **HB 2538 - S Sub for Sub H 2538 by Committee on Commerce – Revision and expansion of promoting employment across Kansas act**

The following presented testimony as Proponents:

Dave Kerr, Hutchinson, believes Kansas needs to modernize its incentives for creation of new, good jobs if we expect to be competitive with others in our area such as Missouri and Iowa. Kansas is too dependent on tax credits which is not effective for every project. He does disagree with the projected losses of diverted revenue which are a part of the fiscal note. (Attachment 1)

John Pagen, Manhattan Economic Development, supports the bill because the provisions of PEAK will enable Kansas to remain competitive with surrounding states in terms of economic incentives. He believes **HB 2358** is sound policy, and will create an environment that makes it easier to create high wage jobs for the future. (Attachment 2)

Robert Vancrum, Greater Kansas City Chamber of Commerce, states that **HB 2538** would make significant improvements to last year's important PEAK legislation and the bill makes a great jobs program even better. (Attachment 3)

Dennis Lauver, Salina Kansas Chamber of Commerce, believes it is important to change the definition of "Quality Companies" to include company expansions or opening of new operations. Currently, a foreign or out-of-state business must completely shut down operations and relocate the jobs to Kansas to qualify for PEAK. Salina had a growth opportunity that involved $70,000,000 of capital investment and 300 new well paying jobs. However, the company was not going to shut down their European operations and so under the current PEAK law meant this prospect did not qualify for PEAK, and in the end, moved North American operations to another state. **HB 2538**, although not a guarantee, would have allowed Kansas to be competitive on a global basis for an important project. (Attachment 4)

Diana Stiles, Norton County Economic Development, believes that the importance of PEAK to rural areas is perhaps even more significant than to more populated areas of Kansas. With a small workforce and generally low unemployment numbers, rural communities cannot support a large company, but with the aid of the PEAK program, there is the opportunity to recruit a small business that may grow into a larger company over the years. PEAK can assist rural communities in building a foundation that has the potential to transform their local economies and benefit the state as a whole. (Attachment 5)

Jason Watkins, Wichita Chamber of Commerce, said **HB 2538** would be a step in the right direction for the creation of jobs and the accompanying creation of wealth within our region. While high paying jobs should remain a target for policymakers, mid-level wage jobs should not be passed over. **HB 2538** would expand eligibility provisions within the PEAK Act and attract employers desperately needed in this economic environment. This bill would not only be beneficial in terms of job creation, but would also expand the tax rolls. (Attachment 6)

Brian P. Corde, Managing Partner, Atlas Insight, LLC believes the success of any state's economic development policy hinges upon the ability to not only recruit new, like-businesses to a particular area, but also retain existing employment and diversify the existing job base to continue to provide a wide spectrum of employment opportunities for different skill levels. The changes being requested in the amended version of the PEAK Act would make the State of Kansas a more attractive place to locate and conduct business activity. The proposed changes will positively impact businesses of all types and sizes by giving them access to these funds which greatly improves the current and future tax base of the community and the state. These changes would make the state more competitive, not only with its neighbors, but on a national level. (Attachment 7)

Bernie Koch, Executive Director, Kansas Economic Progress Council, a statewide not for profit organization of businesses, trade association, and chambers of commerce that supports **House Bill 2538** because it expands the type of businesses eligible for the incentive which allows businesses to retain payroll withholding. He speaks from experience as he lost his job with the Wichita Metro Chamber of Commerce after 21 years of service. He found a position with the Tulsa Metro Chamber of Commerce. While in Oklahoma, the Oklahoma Legislature passed significant legislative incentives to keep 400 existing jobs from being lost at the Sunoco Oil Refinery in Tulsa. Oklahoma Quality Jobs Act and the Oklahoma Investment Tax credit were allowed to be used at the same time to finance upgrades of the refinery, thus saving the jobs. Oklahoma has been extremely aggressive in their economic development, and Kansas needs to be too. **House Bill 2538** will keep Kansas moving forward. (Attachment 8)

Lavern Squier, Overland Park EDC speaking on behalf of Kansas Economic Development Alliance, stated the purpose of all economic development efforts is to bring jobs to our citizens and help build our economies at the local and state levels. PEAK is a program that requires no cash outlay from state coffers, is self-regulating in the sense that employers get no gain if no employees are hired, has performance thresholds embedded in the regulations and has a clear and distinct focus to bring job creating entities and investments from out of state into Kansas. KEDA supports **House Bill 2538.** (Attachment 9)

Marvin Kleeb, State Representative, spearheaded the efforts on this bill. He said it is very important to take the opportunity to have the right tools in the toolbox to create jobs for Kansans as there are 100,000 Kansans without jobs in this recession. Rep. Kleeb asked the committee to look at the numbers behind the numbers on the fiscal note. Realistically, the jobs that will be created will have spin-off benefits and spin-off tax revenue collections that exceed any fiscal note that exists. Mr. Kleeb referred the committee to a Legislative Research Department report regarding potential fiscal impact of **HB 2538.** The report shows a significant opportunity to increase tax revenue and not decrease it whatsoever. The other aspects to be considered are the spin-off jobs and spin-off compensation. The spin-off jobs also create income and more sales tax. He asserts that after 5 years, there will be $37 million more in taxes to Kansas than the fiscal note will actually show. It has been suggested that we are not in an environment where we need to expand the use of withholding taxes for economic development. The changes asserted in this bill are not expanding the Kansas withholding, but offering an alternative to a different route. PEAK offers incentives, but uses no up-front money, the only benefit is when a job is actually created, people are paid wages and there is actually withholding tax. This is an alternative from up front impact economic development programs. PEAK could be used to retain jobs if the company is expanding in state if the Secretary of Commerce approved. The PEAK proposals will provide more employment opportunities for all of Kansas citizens no matter what their educational or skill level. He urges consideration of this bill. (Attachment 10)

CONTINUATION SHEET

Minutes of the Senate Commerce Committee at 8:30 a.m. on March 9, 2010, in Room 548-S of the Capitol.

Questions and discussion followed the testimonies.

Opponents will give their testimony at the meeting on March 10, 2010.

The following presented written testimony only:

Viki Pratt Gerino, Greater Wichita Economic Development (Attachment 11)
Tom Riederer, Southwest Johnson County Economic Development Corporation (Attachment 12)
Tim McKee, Olathe Chamber of Commerce (Attachment 13)
Bradley Eilts, Montgomery County Action Council (Attachment 14)
Mark Turnbull, City of Pittsburg (Attachment 15)
James A. Martin, Shawnee Chamber of Commerce (Attachment 16)
Mike Michaelis, Ellis County Coalition (Attachment 17)
Marsha Wallace, SEK, Inc. (Attachment 18)
Jeff Hofaker, Phillips County Economic Development (Attachment 19)
Robert L. Cole, Pottawatomie County Economic Development Corporation (Attachment 20)
Kent Heermann, Regional Development Association of East Central Kansas (Attachment 21)
J. Kent Eckles, Kansas Chamber of Commerce (Attachment 22)
Ashley Sherard, Lenexa Chamber of Commerce (Attachment 23)
Gabe Schlickau, Black Hills Energy (Attachment 24)
Janis Hellard, Sumner County Economic Development Commission (Attachment 25)
Christy Caldwell, Greater Topeka Chamber of Commerce (Attachment 26)
Jennifer Bruning, Overland Park Chamber of Commerce (Attachment 27)
Erik Sartorius, City of Overland Park (Attachment 28)

The next meeting is scheduled for March 10, 2010.

The meeting was adjourned at 09:30 a.m.

COMMERCE COMMITTEE GUEST LIST

DATE: 3-9-10

NAME	REPRESENTING
John Donley	KS Lvst. Ass'n
Leigh Keck	Hein Law firm
Andy Sanchez	KS AFL-CIO
Nora Lockton	Greater KC Chamber
Cathy Bennett	Greater KC Chamber
Bernie Koch	KEPC
Gabe Schlickau	Black Hills Energy / KEDA
Joann Knight	Dodge City/Ford County Development Corp.
Mickey Fornaro-Dean	Harvey Co. Economic Dev. CO/S.C.K. WIRED Region
Tom Riederer	Southwest Johnson Co. ED C.
Tim McKee	Olathe Chamber of Commerce
DICK CARTER	MANHATTAN AREA CHAMBER OF COMMERCE
Beth Felski	Olathe Chamber of Commerce
Beth Johnson	Lawrence Chamber of Commerce
Bradley Eilts	Montgomery County Action Council
Jenni Glass	Overland Park Economic Dev. Council
Matt Casey	GBA
SEAN MILLER	CAPITOL STRATEGIES

Martin Hawver	Hawver's Capitol Report
Mary Jane Stankiewicz	KGFA

Commerce
~~BUSINESS AND LABOR~~ COMMITTEE GUEST LIST
DATE: ______________________

NAME	REPRESENTING
JEFF CONWAY	COMMERCE
ERIK SARTORIUS	City of Overland Park

Testimony on HB 2538
Senate Commerce Committee
Dave Kerr
March 9, 2010

Chairperson Brownlee and Members of the Committee:

In my few appearances before you the last two years, I have had one central theme and I will continue it today. Kansas needs to modernize its incentives for creation of new, good jobs if we expect to be competitive with others in our area such as Missouri and Iowa. In Kansas, we are much too dependent on tax credits which not every project can use effectively, and upon special legislation. We need tools that can be used every day by the Department of Commerce in its efforts to assist local communities to put forward packages that have a chance to win.

On the point of winning, I would be remiss if I did not thank you again for your enormously helpful passage of legislation last session which used payroll taxes to incent development of major projects in wind and solar manufacturing. Since passage of that legislation, both Hutchinson and Newton have landed projects which will total more than 800 jobs with payrolls well in excess of $25 million. (And this was in the middle of a recession.) I do not believe either of these projects would have come to Kansas without that legislation. Companies like Kansas, but they won't come here if we do not have competitive incentive packages.

Passage of the PEAK legislation last session was important, but it was narrow in its application and therefore could not be used in many situations. This year's changes will remedy most of those issues and turn PEAK into the primary tool in the Department of Commerce's incentive tool kit.

Finally, while I have great respect for the analysts at the Department of Revenue, I do strongly disagree with the projected losses of diverted revenue which are a part of the fiscal note. Our tools are obsolete and without changes we will not win many projects. Furthermore, there is no attempt to capture for comparison calculations the payroll taxes paid in Kansas during the construction process. I know that the community of Hutchinson is going to create a lot more tax revenue this year than would have been the case if we had not hosted a major new project.

I would urge your favorable consideration of HB 2538.

KEDA
Kansas Economic Development Alliance

Testimony in support of HB 2358

Submitted by John Pagen
On behalf of the Kansas Economic Development Alliance (KEDA)

Senate Commerce Committee
Tuesday, March 9, 2010

Senate Commerce Committee Members:

My name is John Pagen, and I am President of the Kansas Economic Development Alliance (KEDA) for 2009-2010. I am submitting written testimony today in support of House Bill 2358 on behalf of the KEDA and in my role as Vice President, Economic Development for the Manhattan Area Chamber of Commerce.

I am supporting House Bill 2358 because the provisions of PEAK – Promoting Employment Across Kansas -- will enable Kansas to remain competitive with surrounding states in terms of economic incentives. In the November 2009 issue of *Site Selection Magazine*, John Lenio, Managing Director and Economist for the Economic Incentives Group of CB Richard Ellis summed it up well:

> "If I were advising the governor's office in Virginia, I'd want them to model a new incentive program, maybe after Kansas (and others) are doing, which is a payroll rebate program. It's easy to sell and easy to understand – you get X percent for every dollar of new payroll you generate. From a fiscal perspective, the state is showing a positive impact on their tax rolls, meaning taxes coming in are greater than subsidies going out. Everybody wins."

The state of Arizona has also been taking note; their HB 2250 has provisions very similar to PEAK. As the national economy continues to improve, it will be vital for states that want to compete for high-wage jobs to be innovative in their approach to incentives. PEAK is a large step in this direction.

Thank you for your time and consideration of the PEAK bill. We believe HB 2358 is sound policy, and will create an environment that makes it easier to create high-wage jobs for the future.

Regards,

John Pagen

John Pagen

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Senate Commerce Committee
Date: March 9, 2010
Attachment # 2-1

Testimony to Senate Commerce Committee on HB2538
Robert Vancrum, Government Affairs Consultant
The Greater Kansas City Chamber of Commerce

March 9, 2010

Chairman Brownlee and Other Honorable Senators:

On behalf of the Greater Kansas City Chamber of Commerce, we are here to speak in favor of House Bill 2538. One of our Board's top priorities this year is stated best in a quote from the Kansas Public Policy Agenda it adopted before this session:

> "Support providing incentives to grow small business including expansion of the PEAK (Promoting Employment Across Kansas) "

HB 2538 would make significant improvements to last year's important PEAK (Promoting Employment Across Kansas Act) legislation . We believe the bill makes a great jobs program even better.

The amendments would allow benefits to incentivize not only employers new to Kansas, but to new workers employed by a business unit already located in Kansas, and also for employees **retained** as a business unit located in Kansas is acquired by a qualifying company located outside the State of Kansas. It also revises the definition of qualifying employee to be at or above the county median wage so that the credits or more available to more employers.

Last year's adoption of the PEAK program to incentivize the hiring of new employees regardless of the size of the operation was appropriate recognition that small business is the source of most new job creation in Kansas and across the nation.

Certainly it is important to the Kansas economy at this time to stand shoulder to shoulder in favor of creating jobs in every part of the State of Kansas. We stand in full support of this program and certainly support HB2538.

We hope the committee will work the bill at an early date and pass it forward with a favorable recommendation. Thank you for the opportunity to express our support for this bill.

Salina
Area Chamber of Commerce
120 W. Ash, P.O. Box 586 • Salina, KS 67402-0586 • 785-827-9301 • fx 785-827-9758 • www.salinakansas.org

Statement to Senate Commerce Committee re: HB 2538
March 9, 2010

Thank you for approving the Promoting Employment Across Kansas Act during last year's legislative session. I am here today to support HB2538 and to encourage several important changes that will improve the utility of this law.

I will direct my comments to a specific part of the bill. In particular, I am focused on the concepts that are detailed on page 2, line 36 to 38 and repeated again on page 3, line 34 to line 37. The bill before you today proposes to eliminate certain text from the law passed last year. This section deals with relocation of jobs from outside of Kansas or outside of America to the state.

We believe that it is important to change the definition of "Qualified Companies" to include company expansions or opening of new operations. Currently, a foreign or out-of-state business must completely shut down operations and relocate the jobs to Kansas to qualify for PEAK. I'd like to describe a situation in Salina to show the potential impact of HB 2538.

We had a growth opportunity for Kansas that involved $70,000,000 of capital investment and 300 new well paying jobs. The prospect was proposing to move production from Europe to Salina. Currently the product made in Europe goes around the world and their plan was to produce for the North American market in Salina.

However, they were NOT going to shut down European operations. The prospect planned to make their existing facility the single production facility for the Eastern hemisphere. A strict reading of current PEAK law meant this prospect did not qualify for the attractive PEAK incentives. In the end, they decided to move North American operations to an empty building the company owned in another state.

HB 2538 would have allowed us to be more competitive to attract the capital investment and jobs associated with this opportunity. HB 2538 would not have guaranteed that this opportunity would have located in Kansas. However, it certainly would have allowed Kansas to be competitive on a global basis for an important project.

Salina
Area Chamber of Commerce
120 W. Ash, P.O. Box 586 • Salina, KS 67402-0586 • 785-827-9301 • fx 785-827-9758 • www.salinakansas.org

I do want to acknowledge the exceptional work of Governor Sebelius, Governor Parkinson, Senators Brownback and Roberts, Congressman Moran, the Kansas Department of Commerce and then Secretary Kerr. They all personally worked on this opportunity.

In addition to the aspect I just described, HB 2538 will address several other aspects of the PEAK law. Others that are here today are prepared to address those issues.

We urge you to advance HB 2538.

Thanks for your service to Kansas and I am ready for any questions you may have.

Sincerely,

Dennis Lauver

President & CEO

Testimony in support off HB 2358

Submitted by Diane Stiles
Director, Norton City/County Economic Development

Senate Commerce Committee
Tuesday, March 9, 2010

Dear Senate Commerce Committee Members:

My name is Diane Stiles and I am the director of Norton City/County Economic Development. As a board member of the Kansas Economic Development Alliance and a representative of rural economic development, I am writing to express support of HB 2358.

The Promoting Employment Across Kansas (PEAK) Act is essential to the competitiveness of our state in terms of recruiting additional employment opportunities to Kansas and helping these new Kansas businesses prosper. Competitiveness with other states is not only important to those communities located on the border, but also to communities and businesses in every region of our state. For example, how Kansas measures up to Missouri with regard to economic development policy is essential to Gail Boller, CEO of Natoma Corporation—an award-winning precision manufacturer located in Norton—because his main competitors are across the border and tax incentives could be the difference between winning or losing a bid for a product.

Furthermore, the importance of PEAK to rural areas is perhaps even more significant than it is to more populated areas of Kansas. Other effective incentive programs offered by the Kansas Department of Commerce, such as Impact, do not assist rural communities except in the rarest of cases because the threshold for minimum number of jobs created is not typically achievable. With our small workforce and generally low unemployment numbers, our communities are unable to support a company starting with 200 jobs. However, with the aid of the PEAK program, we may have the opportunity to recruit a business with five jobs to start and grow into 200 jobs over a number of years. Many of our top employers in Norton County today grew just this way, including Valley Hope Association *(~113 employees)*, New Age Industrial Corporation *(~108 employees)*, and Natoma Corporation *(~43 employees)*. In short, PEAK assists rural communities in building a foundation that has the potential to transform their local economies and benefit of the state as a whole.

In summary, I strongly encourage you to support HB 2538. The proposed amendments to this important economic development tool clarify and strengthen the program.

Thank you for your time and consideration.

Respectfully submitted,

Diane Stiles
Director, Norton City/County Economic Development
nortoneda@ruraltel.net
(785) 874-4816

For more information on Natoma Corporation's experience, please contact Gail Boller, CEO, at (785) 877-3529.

Senate Commerce Committee
Date: March 9, 2010
Attachment # 5-1

WICHITA METRO
CHAMBER OF COMMERCE

March 9, 2010

Chairwoman Brownlee and Members of the Committee,

Thank you for this opportunity to provide written testimony in support of H.B. 2538. The Wichita Metro Chamber of Commerce and our 1,500 members applaud you for any and all attempts to encourage economic growth and the creation of jobs in the state of Kansas.

Kansans, like most Americans, have a wide array of concerns in today's environment. However, the issue of jobs is number one on their priority list and they believe it should be the top agenda item for all elected officials. True economic recovery for Kansas will only occur after the creation of jobs and the accompanying creation of wealth within our region.

H.B. 2538 would be a step in the right direction. While high paying jobs should remain a target for policymakers, we should also be careful not pass up opportunities to create jobs and attract employers that pay mid-level wages. There is no shortage of Kansans qualified for these types of jobs and they are eagerly pursuing employment at this time. H.B. 2538 would expand eligibility provisions within the PEAK Act and attract employers desperately needed in this economic environment.

In addition, The Wichita Metro Chamber of Commerce believes that the changes and expansions contained within H.B. 2538 will put Kansas on a more level playing field as we compete with other states for employers and the jobs they bring to states where they locate.

In closing, we encourage policymakers to be mindful of the fact that this bill would not only benefit the state in terms of job creation but would also expand the tax rolls. These employers would pay property, incomes, sales, and franchise taxes, among other taxes.

Thank you for your consideration and we hope you will vote favorably for H.B. 2538.

Jason Watkins
Director Government Relations
Wichita Chamber of Commerce

Senate Commerce Committee
Date: March 9, 2010
Attachment # 6-1

Testimony on Promoting Employment Across Kansas Act

Brian P. Corde, Managing Partner, Atlas Insight, LLC.

Before the Kansas Senate Commerce Committee – PEAK Legislation

March 9, 2010

Summary:

Good morning and thank you for the opportunity to testify today regarding the issue of job retention and creation in the great State of Kansas. As a consultant that provides site selection and incentive consulting services to companies of all sizes nationwide, we have seen radically different approaches towards economic development and incentive policy. This is particularly true during our Nation's current economic climate, where declining tax revenues, job consolidations, cutbacks, off-shoring, and closures have all become too often used words in our vocabularies. While many states are facing monumental budget shortfalls and declining tax revenues clearly a national trend towards incentive policy is being developed and employed with great success. The success of any state's economic development policy hinges upon the ability to not only recruit new, like-businesses to a particular area, but also to retain existing employment and diversify the existing job base to continue to provide a wide spectrum of employment opportunities for different skill levels. To understand what makes successful economic development and incentive policy it is important to understand the national trend towards incentive policies and the changing mindset of corporations around the globe.

The National Trend Towards Incentive Policy:

In the old model economy, the success of an economic development tool was purely measured in the quantity of the jobs that were being created in a particular location. While this metric remains one of the primary measures of success, today's metrics have been appropriately recalibrated to factor in the overall health of the economy represented, the retention of existing businesses, the desire to make incentives as useable as possible, and most importantly, the quality of the jobs being created.

This is the primary reason why older incentives are have undergone a massive transformation throughout the United States in the past 5-10 years. Traditional income tax credit programs that offer a "dollar per job created" incentive have fallen out of favor with many state legislatures because of their general ineffectiveness in allowing discretion to be used for a given project. Replacing or augmenting these income tax credit programs with incentives designed to deliver useable dollars to the local business unit that is based upon the quality of the job created as well as the quantity of the job created has been the direction most legislatures have chosen to go when developing effective economic development policy.

With regards to these types of programs the "withholding tax rebate" has been the vehicle of choice for most states to deliver their incentives. Today, over 20 of the 48 contiguous states have adapted some type of withholding tax rebate program, and more than half of those 20 currently allow companies to use the same or a similar program designed for expansion projects to take incentives for retention projects as well. These states have all seen significant increases in opportunities to develop and retain businesses, similar to the great success that Kansas has enjoyed over the past 12 months.

The functionality of a withholding tax rebate works markedly better than any other economic development tool. As opposed to a tax credit program which typically floats up to the parent company of an organization which typically would be located outside of Kansas, the deliverance of an operating tax reduction such as withholding taxes typically does more to stimulate the growth of a local business segment. I would venture to guess that if we polled our existing client base we would find that an operating tax rebate has roughly a 75% greater chance to be used to benefit local operations than would an incentive such as an income tax credit that would flow up to the corporation's headquarters location.

The other major development from a national prospective is the transparency and the accountability that is being applied towards these economic development programs. Incentives such as the Kansas PEAK program which takes a "pay for performance" approach have really been the winners from a policy standpoint. Having the ability to exercise discretion over the inclusion of a particular project (particularly from a retention standpoint) and having the ability to only issue funds to companies that perform above and beyond their current levels ensures that these programs are treated as true revenue generators for the State, as they are actively seeking opportunities that do not exist within the state today, or without intervention, would surely exit the tax rolls entirely.

The Changing Mindset of Corporations:

The landscape of today's economic conditions continues to remain rocky. Corporations today are constantly evaluating their real estate portfolios to maximize their efficiency and are facing more and more pitches from third party vendors that claim to be able to conduct certain business functions within an organization for a rate that is considerably cheaper than what is being enjoyed internally by the corporation today. Unfortunately what this means is that a company considering using a third party to perform some back office type functions is only able to offer competitive pricing by identifying lower cost labor markets, unfortunately many of which are off shore. If a corporation locally had the ability to prevent this outsourcing of local jobs to occur these calculations would surely be used in the decision making process on if it was logical and feasible to outsource.

In addition to the outsourcing debate, the shorting of ROI calculation times to show immediate bottom line impact of a project decision, and the usability debate of certain economic development incentives has become critical to the site selection decision. With shrinking corporate profits (as evidenced by the shrinking tax collections of the State) the functionality of an income tax credit program becomes severely hampered. By setting incentive policy such that a corporation would be able to reap the benefits of an incentive program regardless of their current tax paying position, meaning the incentives would still be there when needed most during times of reduced profits, they can be factored into the ROI analysis without risk adjustment, leading to more successful project outcomes for the issuing state.

In Conclusion:

The changes being requested in the amended version of the PEAK Act would make the State of Kansas a more attractive place to locate and conduct business activity, and would automatically be on the radar of the site selection consulting community. The move to change the calculation of eligibility from the average of all jobs to the median county wage would promote growth throughout the state, as counties would no longer be penalized for having a successful industry cluster, a high profile project locate, or an abundance of resources such as an airport and interstate access within their borders. Companies considering outsourcing of lower wage positions would now be able to factor potential PEAK benefits into their outsourcing matrix and offer them a compelling reason to keep the jobs here in Kansas not only because they have a greater chance of qualification with the median wage system, but because PEAK could be used for the retention aspect of a project instead of just job creation.

The proposed changes will positively impact businesses of all types and sizes by giving them access to these funds, greatly improving the current and future tax base of the community and the State. These changes would make the State more competitive, not only with its neighbors, but on a national level. I would welcome to address any questions that may arise from this discussion. Thank you for your time today.

Brian Corde

Brian brings over 14 years of economic development experience to the Atlas team. Prior to co-founding Atlas Insight, Brian was a regional practice leader within BDO Seidman's Business Location Incentives and Site Selection (BLISS) group and was the point person on the firm's US and European site selection clients. Prior to joining BDO, Brian was a Partner with Mintax, where he developed their site location and discretionary incentive practice. In 2006, Brian helped guide the transition team after the sale of Mintax to ADP. Brian was then retained by ADP as the Executive Director over the Location Advisory and Economic Development Incentive group. Throughout his career Brian has assisted numerous Fortune 500® companies such as HSBC, Kraft, Philip Morris, Pfizer, Computer Sciences Corporation, and Yahoo with their site selection and incentive needs.

Brian has authored numerous articles for various trade publications including Expansion Management, Site Selection Magazine, and The Business Xpansion Journal, and has been the featured speaker at conferences such as CoreNet Global, TEI, and The World Research Group. Brian currently sits on the editorial advisory board of Business Xpansion Journal, an industry
trade publication.

Brian holds a B.S. Economics Rutgers University with concentrations in Accounting and Finance.

Kansas Economic Progress Council
Suite 200
212 West 8th
Topeka, Kansas 66603

Testimony on House Bill 2538
Senate Commerce Committee
March 9, 2010

Bernie Koch
Executive Director, KEPC

Senator Brownlee and members of the committee, thank you for the opportunity to testify in support of House bill 2538.

I'm Bernie Koch with the Kansas Economic Progress Council, a statewide not for profit organization of businesses, trade associations, and chambers of commerce. The membership includes the Kansas Economic Development Alliance and 12 Kansas local chambers of commerce. We support pro-growth policies for communities. That's why we support House Bill 2538, which amends the 2009 PEAK legislation.

It expands the type of businesses eligible for the incentive which allows businesses to retain payroll withholding.

In a time when many states are extremely competitive with economic development incentives, we believe Kansas must be vigilant in assessing our economic development "toolbox" on a regular basis, constantly tweaking what we have to make it as effective as possible.

I can speak from personal experience about this. As you may know, after 21 years at the Wichita Metro Chamber of Commerce, my position was eliminated at the end of 2008. I was able to find a job as Vice President for Government Affairs at the Tulsa Metro Chamber of Commerce in Oklahoma last year. I am back now and I can tell you what I learned in my short time at Tulsa was the Oklahoma is extremely competitive.

For example, the Oklahoma Legislature passed significant legislative incentives to keep 400 existing jobs from being lost at the Sunoco Oil Refinery in Tulsa. Sunoco had not invested in pollution

Senate Commerce Committee
Date: March 9, 2010
Attachment # 8-1

control equipment required by the EPA. Without the upgrade, the refinery would essentially have become a tank farm with about 50 employees.

The Holly Corporation of Texas approached the Tulsa Chamber about finding a way to help them upgrade the Sunoco refinery if they purchased it, thus keeping the jobs. The cost to buy the refinery was $65 million, but the total cost to buy the refinery and upgrade it was about $215 million.

The economic development staff came up with the idea of allowing Holly to use both the Oklahoma Quality Jobs Act and the Oklahoma Investment Tax credit at the same time. The Oklahoma Quality Jobs program provides cash payments of up to 5 percent of newly created gross taxable payroll for up to ten years. That was combined with the 20 percent tax credit for investment in business located in a metropolitan area. That combination provided a revenue stream to allow Holly to finance upgrade of the refinery, saving 400 jobs.

We considered it the largest economic development project in Oklahoma last year, and it was a retention project. Oklahoma is an extremely aggressive economic development competitor. In fact, even though Sunoco would not allow us to identify them or the project until later in the legislative session, the Oklahoma legislature continued to move the bill through the process. It's a strong culture of being aggressive about business attraction and retention.

When economic recovery comes, as we are certain it will, Kansas needs to be aggressive as well. House Bill 2538 will keep moving us forward and I urge your support of it. Thank you for the opportunity to appear before you in support.

KEDA
Kansas Economic Development Alliance

OVERLAND PARK
KANSAS
ECONOMIC DEVELOPMENT COUNCIL

Testimony in support of HB 2538

Submitted by Lavern Squier
On behalf of the Kansas Economic Development Alliance (KEDA)

Senate Commerce Committee
Tuesday, March 9, 2010

Chairperson Brownlee and Committee Members:

My name is Lavern Squier - I lead the Overland Park Economic Development Council and am chair of the KEDA Competitiveness Task Force. Today, I am submitting written testimony today in support of House Bill 2538 on behalf of KEDA and its 200 economic development members across the state.

As economic developers, we share a common goal: **Jobs** for our communities/areas. This commonality of purpose also rings true with the mission of the Kansas Department of Commerce - *To Deliver the Highest Level of Business Development, Workforce and Marketing Services That Build a Healthy and Expanding Kansas Economy.*

The purpose of all economic development efforts is to bring jobs to our citizens and help build our economies at the local and state levels. We find ourselves undertaking this task in challenging economic and budget times, and in the face of stiff competition from cities and states who are committed to the same mission. However much we don't like the working environment, it does nothing to change the fact that we have to be understanding of, and committed to, our goal. More so now than ever.

Our resolve to be a success in economic development as a state reflects in our programs, which in turn are evaluated and studied by consultants to the nth degree

The fact is we have to have adequate economic development tools at the state level to join with the communities' abilities and assets to achieve our expected (and sorely needed) outcomes of creating jobs and prosperity across our state. Of all of the Cabinet level agencies, the Department of Commerce (and the tools it possesses) is the one tasked with raising the economic bar, which ultimately helps resolve/temper the budget problems we face.

This legislation (HB2358) being considered today is but one step to keeping our economic development programs up to date. You will hear from proponents today both in oral testimony as well as written testimony – and the message is clear - support the changes outlined to help us reasonably maximize the chances of creating jobs for our people.

2227139.2

Senate Commerce Committee
Date: March 9, 2010
Attachment # 9-1

PEAK is a program that requires no cash outlay from state coffers, is self-regulating in the sense that employers get no gain if no employees are hired, has performance thresholds embedded in the regulations, and has a clear and distinct focus on bringing job creating entities and investments from out of state into Kansas. There are many benefits to having a nationally recognized and competitive job creation tool.

As it relates to competition amongst states around us, we have to look no further than to our eastern border state – Missouri. In an effort to bolster their chances to retain and recruit businesses, they are considering creating the following: a deal closing fund to help stop job losses to Kansas and other states, a loyalty program coined as Missouri First which provides a bonus incentive in their Quality jobs program, a program called Missouri Science Reinvestment Act targeting plant and life science companies and uses withholding taxes from existing companies to create a fund that will help create new companies, and through the Missouri Coalition of Data Centers they are working to exempt sales taxes on equipment and electricity/fuel used in data centers.

In closing, I would say that if we remain committed in our pursuit of job creation in Kansas, we can and will find a way to keep our individual communities viable and great places to live, work, and play.

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MARVIN G. KLEEB
48TH DISTRICT

Very few people would dispute the fact that we are in the worst economic situation since the Great Depression.

There is a well-know quote pointing to the reality that "a recession is when your neighbor does not have a job and it is a depression when you do not have a job." Today, some 100,000 of our fellow Kansans are in an economic depression.

Kansas has lost 60,000 jobs in just the last year. The households and families with one or more breadwinners out of work are our neighbors, former associates, family members and quite possibly even a few colleagues here in the legislature.

Across the nation and in most states, the legislative and political emphasis is on economic development and jobs creation for their citizens. Our own President has stated that the top agenda priority of the United States should be the creation of jobs.

The Executive and Legislative efforts across the country are focused on making their states as economically competitive as possible to attract and develop new business, industries and jobs. One excellent example of this emphasis on jobs creation is right across our eastern border in Missouri. Governor Nixon has made clear that the most important solution for their state's long-term economic health and the financial well being of their citizens is economic development and jobs creation.

Here in Kansas, we must provide the leadership that will promote real, long lasting solutions to our fiscal problems by growing our state's economy, developing business, creating sustainable, good paying jobs and helping our families become financially solid and prosperous once again. We must not let our citizens and constituents down and we must be open-minded and serious about doing everything possible to help Kansas be competitive and to get Kansans back to work.

I urge your consideration of the proposals for improvements to Promoting Employment Across Kansas as outlined in HB 2538. The changes are designed to greatly improve the competitiveness of Kansas to win relocation and expansion opportunities. Secondly, the proposals will provide more employment opportunities for all of our citizens no matter what their educational or skill level.

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Wednesday, Feb 3, 2010

Posted on Wed, Jan. 20, 2010

Creating jobs in Missouri is his top priority, Gov. Jay Nixon says

By JASON NOBLE and STEVE KRASKE
The Kansas City Star

JEFFERSON CITY | Missouri Gov. Jay Nixon is banking on a resurgent economy and as-yet-nonexistent federal funds to balance a state budget with revenues nearly $1 billion below pre-recession levels.

Unlike his fellow Democrat in Kansas, Gov. Mark Parkinson, Nixon proposed doing it without a tax increase in his State of the State address Wednesday night.

"Our mission is clear: We must keep the jobs we have, and create thousands more ..." Nixon said. "And we must balance the budget without raising taxes."

Nixon insisted that Missouri has weathered the national economic downturn better than most states and noted that 29 other states last year were forced to increase taxes.

But he proposed millions more in spending cuts for this year and next, on top of the $600 million he cut in his first year in office.

Unlike last year, the governor was unable to shield education — both K-12 public schools and the state's universities — from the fiscal knife.

In his speech to the General Assembly, Nixon called job creation his top priority and described it as the pathway out of the economic difficulties facing the state.

"I want Missouri to be first in job creation," Nixon said.

He outlined a series of initiatives that would provide more development incentives for existing Missouri businesses, reinvest taxes paid by high-tech companies in the recruitment of new firms, and boost funding for job training.

"Given Missouri's need to create jobs quickly, helping loyal businesses accelerate their growth just may be the smartest investment we can make — with the fastest return," Nixon said.

But the governor said nothing about borrowing as much as $1 billion to finance building projects statewide, a plan he promoted two weeks ago.

Republicans, who have also cited economic development as their top priority and endorsed the very initiatives Nixon proposed, were critical of Nixon's budget and his use of federal stimulus dollars.

"Here we are, one year later," Lt. Gov. Peter Kinder said in the televised Republican response. "And due to the governor's failure to act swiftly to address the budget crisis, we now face an even bigger shortfall."

As he did last year, Nixon's endeavored to make the cuts with a scalpel rather than an ax, avoiding as much as possible the critical functions of government and relying on cost-saving measures alongside outright reductions.

For the current year, Nixon announced new cuts totaling $54.8 million and shifted approximately $150 million in federal stimulus funds away from economic incentives and building projects at state universities that were originally included in the budget.

Among the cuts are $13 million to a college-scholarship program, $15.9 million to a statewide emergency radio system and $9.2 million to the state's Medicaid health-care program for the poor.

It's in the 2011 budget that the governor's budget factors in a reliance on the unknown.

The spending plan incorporates nearly $1.2 billion in federal stabilization dollars — extra funds sent from Washington to Missouri to cope with the recession. About $900 million of this was included in the federal stimulus bill passed by Congress in 2009, but $300 million more has not yet been approved.

"We're quite confident that it will be available," said Linda Luebbering, budget director.

The 2011 budget also relies on a 3.6 percent growth in state revenues from the current year, a figure agreed upon by lawmakers and the governor's office as a starting point for discussions. The expected growth is a sharp departure from the nearly 7 percent drop in revenue last year and the projected 6.4 percent drop in the current year.

But even with federal dollars and revenue growth, rising mandatory expenses in health care and other programs will outstrip the gains, and force cuts to departments across state government.

The 2011 budget slices state spending by $253 million from current levels, and includes 544 fewer state positions.

The bulk of the cuts — $121 million — target Medicaid, with savings derived from lower rates paid to medical providers and cutting unnecessary services.

In education, the formula that funds school districts across the state will receive a funding increase next year, although it will be smaller than planned.

Under the plan for phasing in the formula passed by the legislature several years ago, schools were set to receive an additional $105 million next year. Nixon's budget calls for an $18 million increase.

The Parents as Teachers program is slated for a $4 million cut, while other education programs will see their funding hold steady.

For higher education, Nixon recommended a $53 million cut — 5 percent — following a deal reached with university administrators to minimize cuts in exchange for level tuition for in-state undergrads.

The governor also touted plans to require insurance companies to cover autism, crack down on payday lenders, put 1,000 young people to work in state parks and, in a proposal that drew a bipartisan standing ovation, further crack down on drunken drivers.

He waited until the end of his 47-minute speech to address government ethics reform. One essential part of any ethics package, he said, should be restoring campaign donation limits that the General Assembly removed in 2008.

That's led to an era of $5,000 to $100,000 campaign donations and one that even topped $1 million. Some Republicans support that idea, although others predict that the GOP-led Senate will reject the idea.

"It's time we gave the people of Missouri a state government that's as honest and straight-shooting as they are," Nixon said.

Afterward, Republican House leaders complained that Nixon did not invite them to be involved in the budget process.

Some Republicans said they largely agreed with many of Nixon's plans because he's approaching government in a conservative way.

"He's doing a lot of things we can agree on," said state Rep. Tim Flook, a Liberty Republican.

@ For a photo gallery, go to **KansasCity.com.**

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Wednesday, Feb 3, 2010

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As jobs languish, college grads settle for less

By MARÁ ROSE WILLIAMS
The Kansas City Star

Being "upside-down" means owing more on your house or car than it's worth.

Right now, Patricia Summers is upside-down on her college degree.

She owes $18,000 on loans taken to get her degree in advertising from the University of Missouri. Her college time will end up costing more than $50,000, not counting what she could have earned from a full-time job had she not gone to college.

But that job probably would have been a dead-end, low-paying service job, advocates of higher education contend.

Which is exactly what Summers is doing now: serving burgers at a Sonic drive-in.

The recession is recalibrating the economics of higher education.

"Whether college is worth it depends on how much you pay for it," said Kevin Carey, the policy director at the Education Sector, a Washington-based education think tank. "It's not worth much if you pay too much for a degree that has no value in the market or one that pays too little to pay back what you borrowed."

College costs are rising fast, as are student debt loads. Take Aaron McNally, 29, who last year received a master's degree in English from the University of Northern Iowa, adding to what eventually became about $50,000 in debt. That's more than the national average — $40,208 — for a freshly inked M.A.

On the other end of the four-year slog, salaries are sputtering — if you get the job in your chosen field. Not finding a public relations post, McNally took a job as an assistant manager at an Independence grocery store.

Bigger investment. Disappointing returns. Yet college is still the only way to go, right?

Well, don't ask Bill Gates of Microsoft, Steve Jobs of Apple, Michael Dell of Dell, Larry Ellison of Oracle or Mark Zuckerberg of Facebook. They all dropped out.

Clearly college is not for everyone, but statistics and studies show a college degree usually translates to a higher income.

"People with high levels of education make more money on average," Carey said. But he warned that whether a diploma means more income or a better life depends on the individual.

"A college education is no guarantee."

$$$ don't lie

With money scarce, many newly cost-conscious families are trying to work out the math:

•They swallow hard when they realize that, based on the current estimated cost of tuition, room and board, four years at Harvard costs $188,860. Even the $60,236 four-year cost for an in-state student at the University of Kansas can be daunting.

•The average student debt after four years is $22,656.

•A bachelor's degree doesn't earn what it used to. "After adjusting for inflation, the earnings of male college graduates are no higher than they were in the early 1970s, and the earnings of female college graduates have increased only moderately," according to a College Board study of educational benefits.

•Fewer than 1 in 5 students in the class of 2009 had a job at graduation.

That gets us back to that Sonic in Columbia. Summers, who graduated in 2009, is searching for a job in her field. The Independence native, who also works at the MU bookstore, thinks college was worth it.

"I learned a lot of skills I couldn't have gotten if I hadn't gone to college."

But Summers said that if a decent job did not come along soon, her feelings about the value of her degree could change.

Although Summers is "upside-down" for the moment, her degree isn't really comparable with a Florida condo mortgage, experts said. There are many non-monetary intangibles that come with college.

Studies indicate that college graduates are healthier, donate more blood, vote more often than other Americans and are more open-minded. They smoke less, exercise more and, a 2005 Pew study found, were 25 percent more likely than high school graduates to declare they were happy.

Would such people, with their ambition and discipline, succeed anyway?

Studies have tried to get a fix on what more schooling adds. Some studies looked at twins and found the better-educated sibling fared better.

And the Census Bureau offers these after-tax median incomes of people 25 years or older in 2008: High school degree, nearly $33,800; some college, but no degree, nearly $39,700; bachelor's degree, $55,600.

It also should be noted that the salary gap between high school and college degrees is growing.

$1 million sheepskin

Educators and politicians — President Barack Obama included — preach loudly and frequently that everyone should seek some college. In speech after speech, you hear that college graduates make at least $1 million more in their lifetimes than those who quit after high school.

But is it true?

In 2007, Sandy Baum, a professor of economics at Skidmore College in Saratoga Springs, N.Y., studied the value of a degree for the College Board. Her research — which factored for inflation and left out advanced degrees and their higher earning power — found that someone with a bachelor of arts degree plus 40 years of earnings came closer to earning $550,000 more, on average, in today's dollars.

Baum said that college was easily worth the cost. Plus the recession has laid bare another factor to consider:

"Even in this economy, the number of unemployed college graduates is half that of the unemployed who did not go to college," she said.

Another, even grimmer way to look at it: The poverty rate is 10.8 percent among high school grads. It is one-third less for those with bachelor's degrees.

Juice the resume?

Is it just the recession that is devaluing the B.A. or is it a longer-term question of supply and demand?

The percentage of college-educated people in the U.S. population is growing. In 2008, 29 percent of adults 25 and older had bachelor's degrees, a 5 percent increase from 1998.

Now comes the freshman wave of 2009, the largest in history for many colleges and universities. Less-expensive community colleges are filled to bursting.

Some of that is because of ambition, some because of population growth. Some people are going to college to be retrained. Others see the classroom as a place to wait out the economic storm.

So the competition among B.A. holders is tougher than ever. Time to juice the resume with a master's degree, right?

Not necessarily. Although the 2008 median earnings for a M.A. holder was $67,300, an increase of more than $10,000 over the B.A., there is more variation in the price-cost analysis. A master's degree can mean extra skill or sophistication, but if it's not in the right area, it can end up being irrelevant.

McNally still believes his education was good value.

"Maybe not in the financial sense, because I believe the cost is astronomical," he said. "But I feel as though I have benefited outside of the direct professional application, in my ability to understand the world, and to communicate with people in everything from philosophy to theology to the arts."

Not for everyone

Emily Rosner, 27, of Kansas City has hopped from one low-paying job to another since she graduated in 2006 with a degree in fine arts and computer design from Olivet Nazarene University near Chicago.

"Some people I graduated with landed great graphic-design jobs. I wasn't sure what I wanted to do," said Rosner, who for now makes $20,000 a year working at a Starbucks near the Country Club Plaza.

Rosner said she learned life skills in school, and after struggling to pay rent and $19,000 in college loans, she plans to go back for a teaching license.

"College was great, but I wouldn't push someone to go just to get a piece of paper. There are a lot of good jobs that don't require a four-year degree."

College certainly is good for many, but not all, said Marty Nemko, a former instructor at the University of California at Berkeley.

"We are sending too many kids to college," Nemko said.

He said that if students don't have the drive for college, they probably won't graduate and "are likely to end up with a mound of debt and an assault on their self-esteem and not much else."

Nemko does not dispute the post-graduate boost in future incomes.

"I'm trying to help people to be smart consumers of education and know when and what they should buy," he said. He sees colleges that rake in tuition from students who are unlikely to end up with degrees as a rip-off. Even with degrees, some students can feel cheated.

Last summer a 27-year-old unemployed woman from the Bronx, N.Y., was so disappointed in what her degree in information technology had gotten her in the job market that she sued Monroe College for $70,000, the cost of her tuition. She claimed the school did not help her land a job in her field.

"I doubt if it will go anywhere," said Gary Axelbank, a spokesman for the college. "We had 3,000 graduates last June, and every one of them walked out thrilled."

Without a doubt, a degree is worth having, said Anthony Carnevale of Georgetown University's Center on Education and the Workforce.

"Graduates who say college was a rip-off probably chose the wrong school, the wrong major, or they are living in the wrong region, where jobs are hard to come by. Education can't fix those," Carnevale said.

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Wednesday, Feb 3, 2010

Posted on Sat, Jan. 23, 2010

Marked by the recession: Downturn colors generations in different ways

By RICK MONTGOMERY
The Kansas City Star

Sixty years and a dozen economic downturns separate Mason Heilman and his grandparents, Jack and Irene Carter. But tough times ultimately may connect them.

The Carters were kids of the Great Depression, branded by a 1930s thrift that burned deep into their thinking and future lifestyles. "Never played the stock market, because I'm not a gambler," said Irene, 83, of Paola, Kan.

Now Heilman's generation similarly has been etched by what some call the Great Recession.

The University of Kansas student president is hesitant to predict how long its marks may last. It's not the same, of course: He has his laptop, and Grandma began life without even electricity.

But research into past periods of bust, no matter how shallow or short, suggests many of today's young adults will be more cautious, cost-conscious and wary of the fast track — perhaps for a lifetime.

In the decade to come, this recession could be seen as "much bigger than a financial crisis," said cultural anthropologist Robbie Blinkoff. "All this is actually leading to a cultural transformation. Something's definitely permanent about it."

Just as each generation played a different role in the run-up to our downturn — many accuse Baby Boomers of creating it — each is expected to make different adjustments in the post-recession years.

"Spending money is not an end; it's a means to a possible end" of a purposeful life, said Heilman, 22. His double major in secondary education and political science foretell a future in teaching or some other public service, where he expects jobs — though none with six-figure bonuses — to be.

For most workers a bit older, in their 30s and early 40s, the plan is to change jobs as soon as the market allows, according to surveys by the global business consultant Deloitte LLP.

Feeling squeezed between the baby boomers who boss them and the younger, cheaper "millennials" supposedly preferred by recruiters, only 37 percent of Generation Xers say they intend to stay with their current employers.

And the boomers? Man, they've got issues.

The wealthiest generation ever to walk the earth also lost the most when the Dow and home values collapsed.

Collectively, boomers earned more than twice as much as their parents did at the same age — only to sink it into vast houses, vacation homes and a thousand flavors of investments. But they were far less interested in plain-vanilla savings than were their elders.

About 70 percent of boomers were deemed "unprepared for retirement" even before the stock market hit bottom last March. A 2008 McKinsey Global Institute analysis concluded: "Many are not even aware of their predicament."

Recent surveys all agree the boomers now have taken to saving and paying off debt. In the post-recession, those 55 or older will need to keep piling cash away and work a couple of years beyond original retirement plans just to make up ground lost since 2007, economists say.

Delayed retirements, in turn, will clog the ladder of promotion for younger workers.

New Normal, it's called.

Hit the reboot

"Normal" holds different meaning depending on whether you're older or younger than 40.

As KU economist Mark Hirschey notes: "People who remember will say, 'Why can't this be like the 1990s?' Well, nothing in our history was like the 1990s. It was unprecedented" — a consumer culture expanding largely on credit and imaginary wealth.

A high-tech bubble. A housing bubble. Overvalued stock portfolios. Not normal.

So now a spate of highbrow studies, market-research polls and magazine stories forecast anything but a return to normal when the downturn is done. They say history will see this as a reboot, not just a blip.

Newsweek goes so far as to predict that "in the New Normal, more American workers will be holding wrenches and loading cargo (from solar panels to bags of grain) onto trains, a la the post-Depression generation, rather than fiddling with BlackBerrys."

Maybe. Enrollment is robust at the National Academy of Railroad Sciences, a school of Johnson County Community College. The dean of technology, Bill Brown, said interest in auto repair is climbing, too.

"With moving freight or fixing cars, you can't outsource either," Brown said.

At William Jewell College in Liberty, the number of first-year nursing students rivals those majoring in the arts and humanities, said Bradley Chance, director of academics. And strikingly, only 4 percent of this freshman class entered without a declared major.

"To me, that suggests you don't want to invest $30,000 a year just to explore," at least not when the college kitty is half what you expected it to be, Chance said. "It seems students were less cautious 10 years ago."

Or maybe not. Despite sea changes under way in journalism — only a third of the nation's 2008 journalism class landed full-time work by year's end — U.S. enrollment in journalism and mass communication programs is at an all-time high.

A paper titled "Growing Up in a Recession," funded by the National Bureau of Economic Research and released in the fall, examined economic cycles going back to 1972.

Researchers found that each downturn appeared to leave a permanent imprint on the population just entering the work force at the time, ages 18 to 25, or "the impressionable years ... during which most beliefs on how society and the economy work are formed."

Among the traits linked to these recession babies:

•A long-term tendency to invest more conservatively and choose safer jobs;

•A belief that individual success is driven more by luck than by hard work;

•Support for government redistribution of wealth to help those not so lucky;

•Despite that value, a cynicism toward government's ability to deliver the help poor people need.

The findings raise contradictions, and skeptics note that baby boomers as a whole seemed to lust for the fast lane after the searing recession of the late 1970s and early '80s.

But the study notes that risk aversion, compassion for the poor and cynicism about government typically tattoo public attitudes *during* recessions. At least for those in the 18-25 age group, who may have languished after graduation in search of jobs in their chosen fields, or perhaps any work, those feelings may never be worn away.

If a deep recession can make young adults forever cautious, the effects wane among other age groups, researchers found: "People tend not to change beliefs in response to negative economic shocks experienced when they are 40 or older."

So the boomers eventually shake this off? They go back to throwing bucks and credit cards around, revitalizing the economy?

"They have before," said Val Srinivas of Decitica Marketing Strategy & Research. His own research shows that America's "steadfast frugalists" have grown to include one-fifth of us. But the "apathetic materialists" are just as plentiful — and disproportionately populated by young adult males.

In any event, unemployment among 20- to 24-year-olds stands at 15 percent, five percentage points higher than the national average.

And for each additional percentage point in unemployment, salaries fall 6 percent for new graduates, statistics show.

It's a malaise affecting more than just the English majors. Those striving for legal careers are seeing law firms slash hiring.

"There's a whole class of young attorneys that time forgot two years ago," said David A. Fenley at Husch Blackwell Sanders in Kansas City.

Many of the largest law firms since 2007 have recalibrated their partnership tracks and lush starting salaries — in the fat years, $160,000 was standard for new associates on the East Coast. Once derided by the legal giants, "performance-based" pay for associates may become a no-brainer in the New Normal.

Hard pedaling ahead

Career consultant and author Peter Weddle has his own vision of what lies ahead. It's in the title of his next book, "The Career-Activist Republic."

"Being a career activist begins with understanding there is no such thing as job security," Weddle said.

"On the one hand, it's daunting to think about an economy in continuous change. But it's also about continually replenishing your talent and knowing your options, and those are healthy things."

The middle-aged or older want the path to a safe retirement to be like riding a bus, Weddle said. Find an employer you hope is headed to a place you want to be, and sit down for a long ride.

"Now the appropriate analogy is riding a bike," he said. "On the bus you couldn't control how fast it could go, or the stops it might make. But on that bike, you decide. You can coast a short while but eventually have to pedal — and sometimes pedal hard."

Bookstore operator Tom Shawver, 62, shifted into a new gear a few years back when he realized that online sales of used books were stealing business from his Kansas City storefronts.

So he closed his Crestwood used-book shop and now sells only on the Internet. He'd first had success there, selling rare and valuable books online.

Shawver recognizes there's no reversing the trajectory in online shopping, even after consumer spending climbs.

"I'd *like* to open a shop back up. My heart says yes. My brain says no."

His trepidation helps explain why vacant retail stores — the shells of shopping malls, a former Circuit City, the independent jeweler — may continue to dot the landscape like Mayan ruins long into the recovery.

Americans are upping their spending, new reports show, but if buying online and working from home are part of the New Normal, can commercial real estate ever be the same?

Some experts say we all should chill a bit, that Gen Xers might strike gold again (as many did in the dot-com boom) and boomers may be relaxing in Arizona before they're 70, as their parents did.

OK, perhaps the smart money is on college graduates of 2010 switching *careers*, not just employers, several times in their lifetimes. But KU economist Hirschey said we should avoid falling into something called "recency bias," or the mistake of thinking recent pain means long-term hardship.

"We're going to live through this one," Hirschey said. "There's no reason to think America's economic engine is dead. It's recalibrating," as it does with every generation.

We versus Me

Certainly, the Depression recalibrated everything.

Jobs exploded in the public sector, Social Security came into being, high school diplomas became common. After the hard times (and a world war) passed, hardly anyone looked back, University of Missouri historian Robert Collins said:

"I don't think people in the 1940s particularly wanted to go back to the halcyon days of the 1920s. There was a widespread sense that America had been rebooted."

In fact, in recent surveys by Context-Based Research Group, 43 percent of Americans said the recession had "had some positive impact" in their lives: More family time, less hustling for Christmas gifts, more conversation with others distressed.

Especially for Americans younger than 40, the idea of a national identity of consumerism being replaced by "a more rational, balanced identity — a 'We' economy instead of a 'Me' economy" — sounds good, said Blinkoff of Context-Based.

Yet to Grandma Irene, the Old Normal seemed good, too.

Despite their hardscrabble upbringing, she and Jack paid off their four-bedroom home in Paola long before any of the grandchildren were born. Now six of them are in college, crossing their fingers, and two older ones are out, making do with temp work.

"I think they face a horrible debt to pay," she said, "and through no fault of their own."

MILLENNIALS
15 percent of 20- to 24-year-olds are jobless, and for each percentage point tacked on, salaries drop 6 percent for new graduates.

GEN X
Eager to bolt to better jobs, only 37 percent of workers in their 30s and early 40s plan to stick with their employers after the economy turns.

BOOMERS
Hoping to hang on, they lost the most when the stock market crashed — and now their "retirement" means working part-time.

"GREATEST GENERATION"
Better savers than their children, retirees on fixed incomes will be hit hard if inflation and fuel bills soar.

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Wednesday, Feb 3, 2010

Posted on Thu, Jan. 21, 2010

Claims for jobless benefits increased last week by 36,000

By DIANE STAFFORD
The Kansas City Star

Payroll job cuts have been easing, so why do new unemployment claims keep rising?

On Thursday, the U.S. Labor Department reported a surprising increase last week in first-time filings for jobless benefits. Job market analysts had expected a drop.

Instead, new claims rose by 36,000 to a seasonally adjusted 482,000 for the week.

The department attributed much of the increase to an administrative backlog, saying that claims processing simply had piled up over the year-end holiday period in the state agencies that handle claims.

Unfortunately, that means that the new applications reported for the previous two weeks were too low.

Initial claims for jobless benefits have dropped by about 10 percent since October. But employers eliminated about 85,000 jobs in December, and hiring has yet to rebound.

Continuing claims for unemployment benefits fell by 18,000, to 4.6 million, in the week that ended Jan. 9, the department said. But that figure includes only those workers who were receiving regular state benefits, which cap out at 26 weeks.

The decline doesn't include workers who are receiving extended or emergency federal benefits — a number that now totals more than 5.9 million persons.

Under the federal programs, sparked by the recession and high unemployment, some job hunters are eligible for up to 73 additional weeks of federal benefits.

To reach Diane Stafford, call 816-234-4359 or send e-mail to stafford@kcstar.com.

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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February 24, 2010

To: Representative Marvin Kleeb **Office No.:** DSOB

From: Alan Conroy, Director
Chris Courtwright, Principal Economist

Re: Discussion Regarding Potential Fiscal Impact of HB 2538

This memorandum responds to your request to have the Research Department summarize some of the discussion regarding the fiscal impact of HB 2538 and apply some additional comments and analysis. As you know, that bill would expand the Promoting Employment Across Kansas (PEAK) program enacted in 2009 in several important ways.

Original KDOR Fiscal Note

Relative to the provisions of the bill that would expand the program, the Department of Revenue's original fiscal note of $6.05 million in FY 2011; $12.35 million in FY 2012; $18.89 million in FY 2013; $25.69 million in FY 2014; and $32.76 million in FY 2015 is based on the following assumptions:

- About 4,000 jobs would be added under the expanded program each year;
- The jobs would have an average wage of $40,000;
- The average withholding rate is 5 percent; and
- Average wages would grow by 2 percent per year.

Additional Discussion

Based on additional assumptions you asked us to make that none of the 4,000 individuals would otherwise remain, work, or spend money in the state absent the enactment of HB 2538; and that 65 percent of the additional income would be spent on goods and services subject to the sales tax, we can provide the following discussion:

- Each affected job would generate an estimated additional $1,378 in state sales tax revenue, with the total amount of new revenue generated of $5.512 million.

- Using an assumed statewide local sales tax average of 1.5 percent, each affected job would generate an additional $390 in local receipts, with the total amount of new revenue generated of $1.560 million.

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- Further assuming that each affected job would mean a two-car family would be in Kansas that would not otherwise be here with each vehicle driving 15,000 miles per year and averaging 20 miles per gallon, each family would be paying the state $360 in motor fuels taxes per year using the 24 cents-per-gallon rate, with the total amount of new revenue generated of $1.440 million.

- As you noted in our discussion, another state revenue source that would likely increase under these assumptions if the bill were to pass would be the unemployment compensation tax. We do not have a specific estimate as to this potential increase.

- It is also worth mentioning that if the economy is stimulated as a result of the legislation, some additional revenue could accrue to the state local units as a result of increased property taxes. Commercial real estate values conceivably could be increased, and the added employment also could stimulate the housing market and residential real estate values. Both of these factors would tend to increase property taxes for the state relative to the 21.5 mills in fixed levies. Another revenue source that would increase under such a scenario would be the mortgage registration tax, of which 25/26ths is retained by local units and 1/26th is remitted to the State.

We hope this general discussion has been helpful to you. Please let us know if you need anything else.

ADC/ab

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Estimated Impact of Changes to PEAK Program as Proposed in HB 2538
(Dollar Figures in Millions)

Adopts assumptions made by Kansas Department of Revenue:
1. Fiscal note as recorded below
2. 4,000 jobs added each year (at $40K each) that would not exist without PEAK change

Calendar Year (not Fiscal Year)	**2011**	**2012**	**2013**	**2014**	**2015**	**Totals**
Estimated Fiscal Note: KDOR	-$6.1	-$12.4	-$18.9	-$25.7	-$32.8	-$95.7
Estimated State Revenue Offsets from PEAK Change	$9.1	$18.9	$29.3	$40.3	$50.8	$148.5
Personal Income Tax	*2.69*	*5.80*	*9.20*	*13.07*	*16.35*	*47.12*
Corporate Income Tax	*1.18*	*2.46*	*3.85*	*5.35*	*6.92*	*19.75*
State Sales Tax	*3.19*	*6.47*	*9.78*	*13.16*	*16.46*	*49.06*
Other	*2.05*	*4.21*	*6.45*	*8.76*	*11.07*	*32.54*
Estimated Net State Revenue from PEAK Change	$3.1	$6.6	$10.4	$14.7	$18.0	$52.7
Net revenue as a share of fiscal note estimates	*-51%*	*-53%*	*-55%*	*-57%*	*-55%*	*-55%*

Estimated Economic Impacts:

Kansas Private Employment (includes KDOR 4,000)	5,544	11,258	17,065	23,049	28,641	28,641 *
Estimated Increase from Baseline	*0.45%*	*0.89%*	*1.32%*	*1.75%*	*2.12%*	*1.32%*
Kansas Government Employment	102	194	275	348	275	1,193
Estimated Increase from Baseline	*0.03%*	*0.06%*	*0.09%*	*0.11%*	*0.09%*	*0.08%*
Kansas Personal Income	$221.8	$454.9	$696.5	$950.2	$1,191.8	$3,515
Estimated Increase from Baseline	*0.19%*	*0.37%*	*0.54%*	*0.71%*	*0.84%*	*0.55%*
Kansas Private Investment	$1.4	$4.0	$7.6	$12.1	$15.7	$41
Estimated Increase from Baseline	*0.07%*	*0.21%*	*0.39%*	*0.61%*	*0.80%*	*0.42%*
Kansas Local Government Tax Revenues	$8.5	$17.0	$25.3	$33.6	$41.5	$125.9
Estimated Increase from Baseline	*0.13%*	*0.25%*	*0.37%*	*0.47%*	*0.58%*	*0.37%*

* Note: Per KDOR assumptions, the private sector jobs accumulate each year so they are not summed over the 5-year period.

Source: Kansas State Tax Analysis Modeling Program (STAMP), Beacon Hill Institute at Suffolk University and Center for Applied Economics, KU School of Business. Methodological details of the model are available upon request.

SUMMARY OF ECONOMIC AND TAX IMPACT ANALYSIS

4,000	Jobs Created Per Revenue Department Estimate
$ 40,000	Annual income per employee per Revenue Department Estimate
$ 160,000,000	New Income from the 4000 Jobs Creation
65%	Percent of annual income spent on goods & services subject to Sales Tax
$ 104,000,000	Total New Income Spent on goods and services subject to Sales Tax
5.3%	State Sales Tax Rate
$ 5,512,000	New Sales Tax from New Jobs
1,440,000	Additional Fuel Tax (1500 gallons @ 24 cents Xs 4000 jobs)
6,952,000	Total State Tax Increase per 4000 New Jobs each year
$ 6,952,000	Increased State Tax Revenue from Jobs Created
6,050,000	Theoretically lost income taxes per Revenue Department
902,000	Net Increase in State Taxes each year per 4000 new jobs
$ 902,000	Net Yearly Increase in State Tax Revenue from 4000 New Jobs
1,560,000	Local Yearly Sales Taxes from 4000 New Jobs
$ 2,462,000	Total Yearly Net State and Local Tax Increases from 4000 New Jobs

Five-Year Summary of NET INCREASE in State & Local Tax Collections:

Year One 4000 Jobs	Year Two 8,000 Jobs	Year Three 12,000 Jobs	Year Four 16,000 Jobs	Year Five 20,000 Jobs	Cumulative Increased Tax
$ 2,462,000	$ 4,924,000	$ 7,386,000	$ 9,848,000	$ 12,210,000	$ 36,930,000

ADD POTENTIAL MULTIPLIER EFFECT ON 1544 SPIN-OFF NEW JOBS
PER ECONOMIC FORECASTING MODEL (NOT LEGISLATIVE RESEARCH)

$ 1,968,600	New Income Taxes from Spin-off Jobs: 1544 jobs @ $30,000 = $ 46,320,000 new income @ 4.25% income tax rate
2,454,960	New Sales Tax ($46,320,000 @ 65% @ 5.3% State Sales Tax Rate
$ 4,423,560	Spin-off Job State Tax Revenue Generated by Each Year's 4000 New Jobs

PLUS

$ 8,500,000	City, County and Local Tax Revenue Generated (from model)
1,330,560	State Unemployment Taxes Generated 5544 jobs @ $ 8,000 taxable Wage base = $ 44,352,000 taxable wages @ 5.4% = $ 2,395,008

LEGISLATOR'S EXECUTIVE SUMMARY ON PEAK PROPOSALS

The Kansas Economic Development Association has been working this past summer and fall. The following is an executive summary of the recommendations and the resulting HB 2538 proposals to the Promoting Employment Across Kansas Act, which was enacted during the 2009 legislative session. The sole intent of these proposals is to provide additional employment and career opportunities for all Kansas citizens: a) now during this economic crisis; and b) in the future as we seek to grow and diversify our economy.

Increasing Job Opportunities for All Kansas Citizens Regardless of Their Educational, Skill or Experience Levels

- The intent of PEAK, Promoting Employment Across Kansas, is to create jobs for all Kansans...including citizens with no college education, those needing entry level jobs and those in industries that require basic skill levels which experience significant competition from low-cost national and foreign competition.
- Current PEAK requirements will preclude many jobs from being created because the county average wage requirement is too high of a threshold for many industries, skill sets, experience qualifications, educational levels and entry-level job opportunities.
- The proposal: For "Qualified Companies" hiring new employees, the benefit period would be based on the county *median* wage paid to those employees rather than the county *average* wage.
- If a company cannot meet the county median wage, it may still qualify for a five-year benefit period if the average wage of the new employees is equal to at least the NAICS code industry average wage for employees in the region that work in the same NAICS code classification.
- The Secretary of Commerce would have final decision-making authority to determine the appropriate wage thresholds for becoming a "Qualified Company."

Expanding Jobs Creation Opportunities by Having "Qualified Companies" Include:

- Out-of-state and Kansas companies would be eligible for benefits by expanding and/or creating "new business" operations in Kansas.
- Clarifying that eligible companies are not required to close existing out-of-state facilities or operations and relocate those jobs.
- "New Business" clarification: a facility, plant, division, department, shift, production line, production shift, or other unit of business operation.
- Secretary of Commerce would have sole discretion over and decision-making approval of "new business operation" qualifications to control and eliminate any manipulation of incentives.
- Organic growth of existing Kansas companies and mere expansion of operations would not qualify; the Secretary of Commerce must determine that a Kansas company has genuinely established a "new business unit".

Expanding Jobs Creation Opportunities by Having "Qualified Companies" Include:

- Headquarters/Administrative Offices of National and Regional Not-for-Profit Organizations
  *Examples: American Cancer Society; American Red Cross; NCAA
- Governmental Entities
  *Examples: IRS, Veterans Administration, Federal Reserve, EPA
- Expansion and Location of Government and Non-Profit HQs are competitive

Expanding Jobs Creation Opportunities by Clarifying: Kansas and out-of-state companies will be encouraged to relocate out-of-state and foreign operations, business units and jobs to Kansas as "Qualified Companies"

Jobs Retention When Kansas Companies are Purchased by Out-of-State Entities:

- Kansas companies that have been purchased by out-of-state entities would be eligible for benefits for five years by retaining the employees of a Kansas business operation. subsequent to the acquisition of that Kansas business operation.
- The acquiring out-of-state company must have been in operation for at least twelve months and there cannot be common ownership between the companies.

The PEAK program and the IMPACT program would no longer be mutually exclusive

- A company could not qualify for benefits under both programs for the same jobs simultaneously; in other words, there be no "double dipping" on the same jobs.
- Rather, there would now be flexibility for the Secretary of Commerce to design a package offering some "up-front" cash incentives and "future" benefits which would begin after the jobs are created, employees are at work and earning a paycheck.

SOUTHWEST
JOHNSON
COUNTY
ECONOMIC
DEVELOPMENT

Testimony in support of HB 2358

Submitted by Tom Riederer
President, Southwest Johnson County Economic Development Corporation

Senate Commerce Committee
Tuesday, March 9, 2010

Chairman Brownlee and Committee Members:

My name is Tom Riederer, and I am President of Southwest Johnson County Economic Development Corporation. I am submitting testimony today in support of House Bill 2358 on behalf of the organization.

I would like to address briefly the changes proposed regarding wage levels. In Southwest Johnson County we are looking forward to the BNSF Intermodal facility. An impact study estimated that facility and the development adjacent to it will generate 13,000 jobs for Kansas. That will be the initial impact and we hope to develop a significant industry cluster around the logistics industry. We will market our area as the "Logistics Location of Choice" in the Kansas City area. We will compete with Missouri for those jobs. Without some changes we may loose our competitive edge because wage levels of this specific industry do not meet County Average in Johnson County. These are good paying jobs for the industry and will require health insurance be provided. We ask you to consider substituting County Median Wage (100% as determined by KDOL) and adding NAICS Industry Code (must exceed average NAICS in region/area) to be used to qualify for PEAK eligibility. The NAICS code alternative would evaluate a project and its compensation on an industry-by-industry basis and be limited to a five year fixed benefit period. The recently opened Coleman Distribution facility in Gardner is a company in the logistics sector. In addition to the jobs they create the property taxes paid, with 50% abatement, will be equal to 342 average homes. They will create very few students.

Thank you for your consideration of this bill. We believe it is sound policy, and we feel that HB 2358 help Kansas compete in the economic development arena. We urge you to support HB 2358.

Annual wage or salary Kansas Wage Survey data for 2008 in Every County(s) for Total, All Industries

Area Name	Employment	Entry Level	Mean (average)	Median	Experienced
ALLEN COUNTY	6,940	$17,932.00	$33,778.00	$28,389.00	$41,702.00
ANDERSON COUNTY	1,730	$15,859.00	$30,550.00	$26,044.00	$37,895.00
ATCHISON COUNTY	5,700	$17,546.00	$31,696.00	$27,969.00	$38,771.00
BARBER COUNTY	940	$18,524.00	$32,416.00	$29,715.00	$39,363.00
BARTON COUNTY	14,060	$16,203.00	$30,833.00	$25,704.00	$38,148.00
BOURBON COUNTY	6,590	$17,186.00	$30,967.00	$25,871.00	$37,857.00
BROWN COUNTY	4,930	$16,846.00	$30,748.00	$25,726.00	$37,699.00
BUTLER COUNTY	16,210	$16,949.00	$34,734.00	$27,228.00	$43,626.00
CHASE COUNTY	1,360	$13,876.00	$27,117.00	$21,076.00	$33,738.00
CHAUTAUQUA COUNTY	990	$15,350.00	$26,019.00	$22,035.00	$31,354.00
CHEROKEE COUNTY	6,730	$16,186.00	$30,724.00	$25,748.00	$37,994.00
CHEYENNE COUNTY	950	$16,270.00	$27,117.00	$23,861.00	$32,540.00
CLARK COUNTY	870	$17,048.00	$31,439.00	$26,264.00	$38,634.00
CLAY COUNTY	3,550	$16,394.00	$31,052.00	$25,684.00	$38,380.00
CLOUD COUNTY	4,390	$14,947.00	$26,154.00	$20,110.00	$31,757.00
COFFEY COUNTY	4,560	$16,699.00	$34,899.00	$27,097.00	$43,998.00
COMANCHE COUNTY	700	$16,061.00	$27,379.00	$22,279.00	$33,037.00
COWLEY COUNTY	15,200	$16,540.00	$31,407.00	$26,456.00	$38,841.00
CRAWFORD COUNTY	17,960	$16,078.00	$30,257.00	$23,847.00	$37,347.00
DECATUR COUNTY	840	$15,184.00	$26,890.00	$22,349.00	$32,742.00
DICKINSON COUNTY	6,930	$16,179.00	$30,011.00	$24,768.00	$36,928.00
DONIPHAN COUNTY	2,190	$18,486.00	$32,809.00	$29,834.00	$39,971.00
DOUGLAS COUNTY	46,670	$16,525.00	$35,271.00	$27,661.00	$44,645.00
EDWARDS COUNTY	1,840	$16,957.00	$28,995.00	$21,402.00	$35,014.00
ELK COUNTY	530	$17,189.00	$27,190.00	$23,506.00	$32,190.00
ELLIS COUNTY	14,360	$16,488.00	$32,813.00	$25,816.00	$40,976.00
ELLSWORTH COUNTY	2,710	$16,552.00	$33,502.00	$26,936.00	$41,977.00
FINNEY COUNTY	16,590	$15,775.00	$29,128.00	$24,029.00	$35,805.00
FORD COUNTY	16,430	$17,845.00	$30,903.00	$27,381.00	$37,432.00
FRANKLIN COUNTY	11,350	$17,399.00	$31,883.00	$26,145.00	$39,125.00
GEARY COUNTY	14,680	$17,597.00	$33,476.00	$28,281.00	$41,415.00
GOVE COUNTY	1,270	$13,951.00	$25,517.00	$22,593.00	$31,301.00
GRAHAM COUNTY	590	$14,285.00	$22,765.00	$17,535.00	$27,005.00
GRANT COUNTY	3,710	$17,192.00	$35,389.00	$28,067.00	$44,488.00
GRAY COUNTY	2,130	$16,538.00	$29,741.00	$23,701.00	$36,342.00
GREELEY COUNTY	490	$14,422.00	$28,749.00	$23,869.00	$35,913.00
GREENWOOD COUNTY	1,620	$14,276.00	$26,871.00	$22,255.00	$33,168.00
HAMILTON COUNTY	1,270	$16,643.00	$30,612.00	$25,902.00	$37,597.00
HARPER COUNTY	2,030	$16,815.00	$29,260.00	$24,906.00	$35,483.00
HARVEY COUNTY	14,910	$17,749.00	$35,189.00	$29,416.00	$43,909.00
HASKELL COUNTY	1,160	$15,871.00	$33,104.00	$26,734.00	$41,720.00
HODGEMAN COUNTY	780	$16,715.00	$28,807.00	$25,173.00	$34,853.00
JACKSON COUNTY	4,710	$17,318.00	$30,304.00	$26,310.00	$36,797.00
JEFFERSON COUNTY	3,700	$16,007.00	$32,074.00	$28,048.00	$40,108.00
JEWELL COUNTY	1,710	$15,837.00	$27,978.00	$23,675.00	$34,048.00

Area Name	Employment	Entry Level	Mean (average)	Median	Experienced
JOHNSON COUNTY	324,790	$19,704.00	$44,244.00	$34,391.00	$56,514.00
KEARNY COUNTY	1,240	$17,611.00	$31,644.00	$29,512.00	$38,661.00
KINGMAN COUNTY	2,210	$16,851.00	$30,705.00	$26,589.00	$37,632.00
KIOWA COUNTY	580	$17,198.00	$26,978.00	$23,096.00	$31,867.00
LABETTE COUNTY	9,760	$17,140.00	$30,648.00	$25,479.00	$37,402.00
LANE COUNTY	440	$19,134.00	$32,980.00	$28,017.00	$39,903.00
LEAVENWORTH COUNTY	21,680	$19,874.00	$42,650.00	$34,874.00	$54,038.00
LINCOLN COUNTY	670	$18,687.00	$30,285.00	$25,037.00	$36,083.00
LINN COUNTY	2,120	$17,656.00	$37,028.00	$30,465.00	$46,714.00
LOGAN COUNTY	720	$17,230.00	$29,786.00	$25,317.00	$36,064.00
LYON COUNTY	17,390	$16,324.00	$30,469.00	$26,704.00	$37,541.00
MARION COUNTY	4,690	$15,705.00	$31,019.00	$24,930.00	$38,676.00
MARSHALL COUNTY	5,330	$18,433.00	$31,537.00	$26,817.00	$38,089.00
MCPHERSON COUNTY	15,290	$18,267.00	$34,589.00	$29,125.00	$42,750.00
MEADE COUNTY	870	$18,346.00	$31,765.00	$25,810.00	$38,474.00
MIAMI COUNTY	9,460	$15,991.00	$32,849.00	$25,911.00	$41,277.00
MITCHELL COUNTY	2,250	$17,809.00	$35,002.00	$28,848.00	$43,598.00
MONTGOMERY COUNTY	16,210	$16,749.00	$30,976.00	$25,959.00	$38,089.00
MORRIS COUNTY	1,800	$14,357.00	$27,318.00	$22,992.00	$33,799.00
MORTON COUNTY	1,530	$17,453.00	$33,499.00	$27,017.00	$41,523.00
NEMAHA COUNTY	4,380	$19,568.00	$32,516.00	$28,041.00	$38,991.00
NEOSHO COUNTY	7,460	$17,243.00	$32,535.00	$27,204.00	$40,181.00
NESS COUNTY	1,090	$18,182.00	$34,422.00	$27,825.00	$42,542.00
NORTON COUNTY	2,540	$15,212.00	$28,424.00	$21,979.00	$35,030.00
OSAGE COUNTY	3,260	$16,227.00	$30,451.00	$25,565.00	$37,563.00
OSBORNE COUNTY	970	$16,670.00	$28,986.00	$23,783.00	$35,144.00
OTTAWA COUNTY	2,240	$17,415.00	$30,365.00	$25,994.00	$36,839.00
PAWNEE COUNTY	3,860	$17,011.00	$28,458.00	$24,132.00	$34,182.00
PHILLIPS COUNTY	2,590	$14,651.00	$28,658.00	$24,063.00	$35,661.00
POTTAWATOMIE COUNTY	8,760	$16,494.00	$30,767.00	$25,066.00	$37,904.00
PRATT COUNTY	4,190	$17,306.00	$32,949.00	$28,884.00	$40,771.00
RAWLINS COUNTY	710	$14,831.00	$25,326.00	$21,999.00	$30,574.00
RENO COUNTY	26,610	$16,784.00	$32,487.00	$26,483.00	$40,338.00
REPUBLIC COUNTY	2,300	$16,049.00	$24,989.00	$19,296.00	$29,459.00
RICE COUNTY	3,530	$15,650.00	$30,463.00	$26,252.00	$37,870.00
RILEY COUNTY	28,580	$15,680.00	$33,410.00	$25,540.00	$42,275.00
ROOKS COUNTY	2,670	$15,804.00	$29,283.00	$21,242.00	$36,022.00
RUSH COUNTY	850	$21,543.00	$39,106.00	$33,454.00	$47,888.00
RUSSELL COUNTY	2,660	$16,195.00	$29,963.00	$25,210.00	$36,847.00
SALINE COUNTY	32,390	$17,467.00	$33,165.00	$27,461.00	$41,014.00
SCOTT COUNTY	2,060	$13,944.00	$28,004.00	$21,037.00	$35,034.00
SEDGWICK COUNTY	263,260	$18,185.00	$38,986.00	$31,746.00	$49,386.00
SEWARD COUNTY	11,160	$16,750.00	$29,879.00	$24,148.00	$36,444.00
SHAWNEE COUNTY	96,200	$18,282.00	$38,893.00	$31,564.00	$49,198.00
SHERIDAN COUNTY	430	$15,792.00	$31,270.00	$24,563.00	$39,008.00
SHERMAN COUNTY	2,710	$16,254.00	$29,151.00	$23,735.00	$35,600.00
SMITH COUNTY	1,470	$15,189.00	$27,419.00	$22,176.00	$33,535.00
STAFFORD COUNTY	1,060	$18,327.00	$33,241.00	$26,253.00	$40,698.00

Area Name	Employment	Entry Level	Mean (average)	Median	Experienced
STANTON COUNTY	720	$16,256.00	$29,769.00	$25,266.00	$36,526.00
STEVENS COUNTY	1,830	$18,605.00	$32,899.00	$29,786.00	$40,045.00
SUMNER COUNTY	7,060	$14,585.00	$28,176.00	$22,697.00	$34,972.00
THOMAS COUNTY	3,930	$16,085.00	$31,828.00	$26,021.00	$39,699.00
TREGO COUNTY	840	$18,403.00	$31,740.00	$29,458.00	$38,409.00
WABAUNSEE COUNTY	1,460	$19,291.00	$34,078.00	$28,825.00	$41,471.00
WALLACE COUNTY	430	$16,526.00	$28,705.00	$25,257.00	$34,794.00
WASHINGTON COUNTY	1,910	$14,445.00	$25,206.00	$21,312.00	$30,586.00
WICHITA COUNTY	580	$18,085.00	$34,647.00	$24,868.00	$42,928.00
WILSON COUNTY	4,350	$17,744.00	$30,644.00	$25,965.00	$37,094.00
WOODSON COUNTY	480	$17,241.00	$28,375.00	$24,242.00	$33,943.00
WYANDOTTE COUNTY	80,150	$20,330.00	$42,224.00	$35,180.00	$53,171.00

Source: Kansas Department of Labor in conjunction with U.S. Department of Labor

Entry level and experienced wage rates represent the means of the lower 1/3 and upper 2/3 of the wage distribution, respectively

Greater Wichita Economic Development Coalition
BUSINESS AT FULL THROTTLE

To: Senate Commerce Committee
Date: March 8, 2010
Re: PEAK Legislation

On behalf of the Greater Wichita Economic Development Coalition, a partnership of the City of Wichita, Sedgwick County, the Wichita Metro Chamber of Commerce and a many private sector businesses in our community, I am writing to ask for your consideration of the amendments to HB2538, commonly known as the PEAK bill.

Our economic development efforts can only be as strong as the tools that we have in our toolkit. Our Wichita region continues to be distressed by the downturn in the aviation sector. Companies have laid off thousands to date and our task is to continue to help this region diversify and compete for new investment decisions that will help us replace the number of jobs that have been lost through this most recent downturn. We need the right tools to help us compete in an economy where companies are making tough decisions, and looking to lower cost locations in order to remain globally competitive.

The GWEDC and our partners were pleased that efforts were made last year to enact new PEAK-Promoting Employment Across Kansas legislation. As a member of KEDA, we support the recommended amendments to the PEAK legislation that enable this bill to be used in a more practical way for companies that are making expansion decisions that can bring new employment to Kansas.

We have undertaken several steps of the last year to plan for the future of our region. Currently we are undertaking a strategic planning process with Site Selection Group, an internationally recognized site selection firm who assists companies that are making site location decisions every day. Based upon the SSG recommendations, we will be rolling out the results of their study over the next few months which include several key strategies to help us compete. One clear recommendation is likely to be the need for more competitive economic development tools as both a region and a State level.

PEAK is one step in helping us achieve much needed changes to the tools in which we try to compete for new investment and job creation in our state.

Thank you for your time and consideration of the PEAK amendments. We believe HB2358 helps us try to compete with similar legislation in a number of states, and helps Kansas compete for high-wage jobs in the future.

Respectfully,

Vicki Pratt Gerbino

Vicki Pratt Gerbino, CEcD
President, GWEDC

350 W. Douglas Wichita, KS T 316.268.1133 F 316.265.7502

Senate Commerce Committee
Date: March 9, 2010
Attachment # 11-1

SOUTHWEST
JOHNSON
COUNTY
ECONOMIC
DEVELOPMENT

Testimony in support of HB 2358

Submitted by Tom Riederer
President, Southwest Johnson County Economic Development Corporation

Senate Commerce Committee
Tuesday, March 9, 2010

Chairman Brownlee and Committee Members:

My name is Tom Riederer, and I am President of Southwest Johnson County Economic Development Corporation. I am submitting testimony today in support of House Bill 2358 on behalf of the organization.

I would like to address briefly the changes proposed regarding wage levels. In Southwest Johnson County we are looking forward to the BNSF Intermodal facility. An impact study estimated that facility and the development adjacent to it will generate 13,000 jobs for Kansas. That will be the initial impact and we hope to develop a significant industry cluster around the logistics industry. We will market our area as the "Logistics Location of Choice" in the Kansas City area. We will compete with Missouri for those jobs. Without some changes we may loose our competitive edge because wage levels of this specific industry do not meet County Average in Johnson County. These are good paying jobs for the industry and will require health insurance be provided. We ask you to consider substituting County Median Wage (100% as determined by KDOL) and adding NAICS Industry Code (must exceed average NAICS in region/area) to be used to qualify for PEAK eligibility. The NAICS code alternative would evaluate a project and its compensation on an industry-by-industry basis and be limited to a five year fixed benefit period. The recently opened Coleman Distribution facility in Gardner is a company in the logistics sector. In addition to the jobs they create the property taxes paid, with 50% abatement, will be equal to 342 average homes. They will create very few students.

Thank you for your consideration of this bill. We believe it is sound policy, and we feel that HB 2358 help Kansas compete in the economic development arena. We urge you to support HB 2358.

Senate Commerce Committee
Date: March 9, 2010
Attachment # 12-1

OLATHE
CHAMBER OF COMMERCE
ONE VISION. ONE VOICE.

To: Senator Brownlee, Chairperson and Members of the Senate Commerce Committee

From: Tim McKee, Executive Vice-President of Economic Development, Olathe Chamber of Commerce

Re: House Substitute for House Bill 2538

Date: March 9, 2010

The passing of PEAK legislation last session is a significant step towards bringing business to the state of Kansas. To assure the effectiveness of PEAK, the Olathe Chamber supports a variety of enhancements, specified in HB 2538, which passed the House 84-27.

Kansas gains an economic development tool at no risk or investment by combining upfront cash and cash incentives and by expanding company eligibility to use PEAK and IMPACT in conjunction with each other (not for the same positions). In addition, the state is losing opportunities by requiring companies to close or cease operations elsewhere to qualify. The Olathe Chamber also supports a broad enough definition of eligible companies to include expansion and/or establishment of new operation divisions and facilities.

Incentives for economic development in Kansas should apply to companies which retain and create jobs in Kansas as a result of a merger or acquisition. This is extremely important when considering that partners in a merger or acquisition are frequently from out of state, especially when Kansas is not often the base for the acquiring company. If incentives are not available in these circumstances, the result may be job loss for the state.

Not-for-profits are also a significant employer in the state of Kansas. Currently there are nearly 8,000 not-for-profits in the state of Kansas. By allowing eligibility for these entities as well as federal operations, we significantly increase jobs throughout the state.

One of the most significant enhancements needed to the PEAK legislation is a change in wage thresholds. Warehouse, call center, and manufacturing jobs often do not meet the county average, but are excellent paying jobs for the industry. The Olathe Chamber supports a county median wage that exceeds average NAICS code in the region to be used to qualify for PEAK, once again to remain competitive with our surrounding states.

Kansas will have to continue to work smarter to draw quality development in an ever competitive market. Olathe competes less with Kansas communities and more with cities like Dallas, Indianapolis, Phoenix, and Minneapolis, whose incentive packages are far more robust than ours. Increasingly, Olathe is competing nationally and internationally.

In Olathe, we have lost millions of dollars of capital investment and thousands of jobs as the result of losing projects to communities out of state that offered better incentive packages. Two examples follow:

- Pure Fishing explored building a 400,000-square-foot distribution facility in Olathe at the cost of approximately $20 million and 80 jobs. They chose to locate in Missouri.
- P.O.M., the nutrition juice company, was interested in locating a manufacturing facility in Olathe's vacant ADM building, expanding the building and investing $27 million in our community. The project would have yielded 45 new jobs. They chose to locate in Indiana.

To attract the type of development the state needs—projects that bring higher-salaried jobs and top-dollar investment—it is important that state incentive programs continue to be funded. In hard times, these incentives will bring us the development that we need to boost our economy. **The Olathe Chamber of Commerce asks for your support of House Bill 2538.** This important legislation will enable our Kansas communities to compete regionally, nationally, and internationally.

Senate Commerce Committee
Date: March 9, 2010
Attachment # 13-1

MCAC Montgomery County Action Council

115 S. 6th • P.O. Box 588 • Independence, Kansas 67301
(620) 331-3830 • Fax: (620) 331-3834

March 9, 2010

Senator Brownlee and the Senate Commerce Committee:

Thank you for allowing me to be here today to provide testimony regarding enhancements to the Promoting Employment Across Kansas, or PEAK program, as described as House Bill 2538. It is an honor to be here and I appreciate the opportunity.

Competition in the economic development arena does not just exist within the State of Kansas, but nationally and globally. Over the last few years, two significant and aggressive legislative acts have enhanced the competitiveness of Kansas businesses and strengthened business recruitment and retention efforts on the local and the State levels. They have resulted in millions of dollars in investments for new technology and machinery and equipment upgrades in Montgomery County alone.

The elimination of property taxes on machinery and equipment, or personal property, has lowered costs to our existing businesses, improving their competitiveness. It also differentiates Kansas from our neighboring states. In fact, only twelve other states in the Country currently do not tax business machinery and equipment. One state that still taxes machinery and equipment has a business that I am trying to get to expand to Montgomery County. In a recruiting trip later this month, I plan on discussing this fact with the business. I also plan on conveying the opportunities that Kansas' PEAK program offers them.

The PEAK program is one of the best tools that economic developers have to offer to businesses looking to expand facilities into Kansas. I have personally visited with site selection consultants in several different states about the PEAK program and it has never failed to get their attention. You could say that it "peaks" their attention.

It is one of the few programs that provide "cash equivalent" assistance for capital investment and the creation of high quality jobs and jobs offering, perhaps the most important benefit that a company can offer, health insurance (the business must pay at least 50% of the costs).

House Bill 2538 further improves the PEAK program, expanding its scope, eligibility and its possibilities for economic development. Specifically:

- It adjusts the minimum wage threshold from "average wage" to "median wage" which allows more companies to qualify for the program, particularly manufacturing jobs in rural areas.

- Regarding job retention enhancements, PEAK will encourage foreign or out-of-state companies purchasing Kansas businesses to keep those jobs in place in Kansas. This should result in significant new investment in Kansas facilities with a decreased likelihood of losing those jobs. Once these companies operate that facility in Kansas, there is a good chance that they will find that Kansas is a great place to do business and choose to expand operations here. At that time, they may use the PEAK program once again, this time to expand operations and create additional high quality jobs with benefits.

- Foreign or out-of-state businesses with existing facilities in Kansas, know Kansas is a great place to do business. These changes to PEAK will now be able to encourage and reward them for further investing in other Kansas communities when they are seeking expansion opportunities.

- Changes that expand eligibility to include non-profit organizations will open doors and create jobs for national and regional organizations seeking headquarters in our great state.

Thank you again for allowing me to testify in support of House Bill 2538. I hope that you will support this Bill and its positive changes. I will do my best to answer any questions that you have.

Sincerely,

Bradley Eilts
Director

Testimony in support of HB 2358

Submitted by Mark D Turnbull

Senate Commerce Committee

Tuesday, March 9, 2010

Senate Commerce Committee Members:

My name is Mark Turnbull, I am submitting written testimony today in support of House Bill 2358 on behalf of the City of Pittsburg and in my role as the Director of Economic Development.

Our community is supporting House Bill 2358 because the provisions of PEAK – Promoting Employment Across Kansas greatly assist our community and the State of Kansas to remain competitive with competing states in terms of economic incentives. A few minor adjustments to PEAK will make this bill much more usable for economic development professionals, much clearer to the Kansas Department of Commerce, and ultimately, much better for the State of Kansas.

The legislation under consideration today is not the only change needed in the economic development arsenal. Other programs modernizations are needed as well, but we will deal with those at a future date. Today, I encourage you to vote in favor of HB 2538. These changes will help in Pittsburg as well as other small, medium, or large Kansas communities.

Our community thanks each of you that have worked side by side with us to better understand the PEAK legislation and our concerns. Thank you for your time and consideration of this matter. We support the recommended set before you today. We believe the bill is sound public policy, and we feel that HB 2358 will provide a competitive asset for Kansas business recruitment. We urge you to support HB 2358. Thank you.

Regards,

"Business stays and expand where they are well treated and appreciated."

Mark D Turnbull, MS,CWDP, BES

Director of Economic Development

Pittsburg, Kansas 66762

Senate Commerce Committee
Date: March 9, 2010
Attachment # 15-1

SHAWNEE

CHAMBER OF COMMERCE

Testimony in Support of HB 2358

Submitted by James A. Martin
On Behalf of the Shawnee Chamber of Commerce

Senate Commerce Committee
Tuesday, March 9, 2010

Chairman Brownlee Members of the Senate Commerce Committee:

Thank you and your colleagues throughout the Kansas Legislature for your support of the Promoting Employment Across Kansas (PEAK) measure last year. PEAK is an important step in maintaining Kansas' economic development competitiveness with states in the Midwest region.

The Shawnee Chamber of Commerce and Economic Development Council support House Bill 2358, which would provide important enhancements and clarifications to the PEAK program. The bill as currently written would allow PEAK and IMPACT (Investments in Major Projects and Comprehensive Training) to be offered on the same project—but not for the same jobs or positions. We are aware of at least one missed opportunity because of the current requirement that a company must completely cease operations out of state to qualify for PEAK and HB 2358 would create a fix for this problem. The bill would also increase Kansas' competitiveness in cases of mergers and acquisitions, an area where our state has been at a marked disadvantage in the past. The measure would allow eligibility for certain, well defined, not-for-profit organizations that create exceptionally high quality jobs. Finally, HB 2538 would make important changes to the wage threshold requirements that would significantly enhance our ability to create jobs.

These are indeed challenging times. The Shawnee Chamber and Economic Development understand the difficult decisions that need to be made this session. We believe your vote in favor of HB 2358 would enhance a tool to help us grow out of these difficulties. Thank you once again for your time and consideration; and your efforts on behalf of the State of Kansas.

Senate Commerce Committee
Date: March 9, 2010
Attachment # 16-1

Testimony in Support of HB2538

Senate Commerce Committee – Karen Brownlee, Chair

March 9, 2010

Madam Chair and Members of the Senate Commerce Committee:

My name is Mike Michaelis. I am the Executive Director of the Ellis County Coalition for Economic Development, based in Hays, and I support HB 2538 and the changes it makes to PEAK - the Promoting Employment Across Kansas Act.

During the last year, a large group of Kansas Economic Development Alliance (KEDA) members met a number of times to discuss legislation that would make Kansas more competitive with other states, but more importantly with our neighboring states. As we dreamed about what we wanted and what could be, we also took into full consideration the budget issues facing the state and understand that your focus should be on making the state solvent and not on new legislation for economic development.

Therefore, rather than introduce new legislation, we agreed that the best way to help the state increase employment was to improve existing legislation and specifically focus on one that was approved just this past year. The PEAK legislation is a valuable tool for economic development professionals but a few "tweaks" to PEAK will make this bill much more usable for economic development professionals, much clearer to the Kansas Department of Commerce, and ultimately, much better for the State of Kansas. By clarifying definitions such as "business unit;" adding flexibility to include NAICS codes, new businesses, not-for-profits and governmental units; and allowing the use of IMPACT funds to compliment the PEAK legislation; you improve the effect this bill will have on new businesses and the number of new jobs for Kansas.

KEDA members will say that changes to other programs are needed as well, but we will deal with those at a future date. Today, I encourage you to vote in favor of HB 2538. These changes will help in small, medium, or large communities across the state.

Economic professionals across the state and KEDA want to thank the legislators that have worked side by side with us to better understand the PEAK legislation and our concerns. Specifically, I want to thank Representative Marvin Kleeb for his time and effort in working with KEDA.

Thank you for your time and consideration of this matter.

Southeast Kansas Inc.

"Mobilizing Leadership And Resources for Southeast Kansas' Regional Development"

Letter in support of HB 2358

Submitted by Marsha Wallace
On behalf of Mid-America, Inc. dba SEK, Inc.

Senate Commerce Committee
Tuesday, March 9, 2010

Senate Commerce Committee Members:

As President of SEK, Inc. for 2010, I want to stress to you how important the passage of House Bill 2358 is to the vitality and viability of the 13 counties that comprise our regional economic development organization.

PEAK – Promoting Employment Across Kansas – has the potential to provide a more level playing field as Kansans compete for new jobs and investment. This will be especially true in southeast Kansas where we have experienced many setbacks over the past few years. With three of our counties bordering Oklahoma and five bordering Missouri, there is constant pressure from competing, out-of-state communities within commuting distance. In other words, an entity can locate in adjacent state, receive their incentives, and still take advantage of our excellent workforce. When that happens, Kansas and its communities lose out on the potential investment as well as much of the retail advantage because many employees will shop, buy gasoline, and eat before they return home.

Now is an ideal time for HB 2358. As the economy begins its recovery, Kansas needs to be ready to compete with every possible enticement available. In spite of budget woes, Kansas still has better fiscal health than many of the states with which we typically compete. Additionally, Kansas has a top-performing workforce, adequate land upon which to build, a reputation for being 'business friendly', as well as a host of other advantages that will result is a successful enterprise. The key to employing all those aspects to our best advantage is to get the client here. PEAK is an excellent weapon in our arsenal as we seek better jobs for our citizens and prosperity for our state.

Thank you for your time and consideration of HB 2358.

Sincerely,

Marsha Wallace, CEcD
SEK, Inc. President - 2010

P.O. Box 1262 Pittsburg, KS 66762
Ph: 620.235.4039 Fax: 620.235 4030
email: sekinc@pittstate.edu web site: www.sekinc.org

Serving the Counties of:
ALLEN ANDERSON BOURBON CHEROKEE COFFEY CRA
LINN MIAMI MONTGOMERY NEOSHO WILSON

Senate Commerce Committee
Date: March 9, 2010
Attachment # 18-1

Testimony in support of HB 2358

Submitted by Jeff Hofaker
On behalf of the Phillips County Economic Development (PCED)

Senate Commerce Committee
Tuesday, March 9, 2010

Mr. Chairman and Members of the House Committee on Taxation:

My name is Jeff Hofaker. I am the Director of Phillips County Economic Development located in Phillipsburg, Kansas. I have served in the director capacity for eight (8) years, with additional duties through the executive board and business development committees of wKREDA (western Kansas Rural Economic Development Alliance) and multiple other development groups. I support HB 2538 and the changes it makes to PEAK - the Promoting Employment across Kansas Act.

Last year, a large group of Kansas Economic Development Alliance (KEDA) members met a number of times to discuss legislation that would make Kansas more competitive with recruitment of businesses, but also with entrepreneurial development and expansion. I would like to thank you for supporting the PEAK legislation to help it get passed, last year.

The PEAK legislation is a valuable tool for economic development professionals but a few "tweaks" to PEAK will make this bill much more usable for economic development professionals, much clearer to the Kansas Department of Commerce, and ultimately, much better for the State of Kansas. By clarifying definitions such as "business unit;" adding flexibility to include NAICS codes, new businesses, not-for-profits and governmental units; and allowing the use of IMPACT funds to compliment the PEAK legislation; you improve the effect this bill will have on new businesses and the number of new jobs for Kansas. Understandably, the State of Kansas has its budgetary challenges, but the only way to resolve this challenge is to put into place realistic and usable measures that encourage our businesses to want to develop and grow in our state. This legislation is a positive step in the right direction and these adjustments are needed to help with its continued progression.

Economic professionals across the state, wKREDA and at local leadership positions want to thank the legislators that have worked side by side with PEAK proponents. This legislation will ultimately improve incentives for both small, medium and large entrepreneurial businesses and communities during this distressed time in our national and state economy across the entire state.

Thank you for your time and consideration of this matter.

Senate Commerce Committee
Date: March 9, 2010
Attachment # 19-1

EcoDevo
Your Resource for Growth

POTTAWATOMIE COUNTY ECONOMIC DEVELOPMENT CORPORATION
PO Box 288, 1004 Lincoln Ave
Wamego, Kansas 66547
Ph: (785) 456-9776 Fax: (785) 456-9775
bobcole@ecodevo.com www.ecodevo.com

Testimony in support of HB 2358

Submitted by Robert L. Cole, Director
Pottawatomie County Economic Development Corporation

Senate Commerce Committee
Tuesday, March 9, 2010

Senator Brownlee and Members of the Committee:

My name is Robert L. Cole. I am Director of the Pottawatomie County Economic Development Corporation and a board member of the Kansas Economic Development Alliance (KEDA).

I offer this written testimony in support of House Bill 2358 on behalf of my corporation and of KEDA.

I urge your support for House Bill 2358 because the provisions of PEAK – "Promoting Employment Across Kansas"- will enhance our existing business development and job creation capabilities, help Kansas recover from the recent economic downturn and ultimately help the state derive added revenues to support needed public services.

PEAK is a payroll incentive program that allows companies to retain a percentage of payroll tax for each *new* dollar of payroll generated. This mechanism, as written in the bill, provides substantial incentives for companies to retain and create new jobs in the state of Kansas. There is no upfront cash outlay required of the state. However, there will be a long term, sustained positive impact on state tax rolls.

As the national economy continues to improve, it will be vital for states that want to compete for high-wage jobs to be innovative in their approach to incentives. PEAK will be a big help in positioning Kansas for continued successful competition.

HB 2358 is good policy that provides a set of tools that will make it easier to create high-wage jobs for the future.

Thank you very much for your continued work on behalf of the people of Kansas and for your consideration of this matter in particular.

Respectfully,

Robert L. Cole
Director

EMPORIA
REGIONAL DEVELOPMENT ASSOC. of EAST CENTRAL KANSAS

Testimony in Support of HB 2358
Senate Commerce Committee
Tuesday, March 9, 2010

Senate Commerce Committee Members:

My name is Kent Heermann, CEcD, President of the Regional Development Association of East Central Kansas (RDA). The passage of HB 2538, the PEAK bill, would give a competitive performance-based incentive tool for the expansion of new qualified companies to the State of Kansas.

For the past sixteen years, the RDA has worked to recruit, retain and assist expanding companies to our region. Both Oklahoma and Missouri have a similar type of performance-based incentive, and the State of Kansas has lost projects by not having this economic development performance-based incentive tool.

HB 2358 would give Kansas communities, regardless of size, a competitive tool in the pursuit for new high-wage jobs for Kansas.

Today's economic climate is improving; we want to position Kansas for job growth with a revenue source which would not exist without the new job growth. The proposition with the PEAK legislation is; would you rather take a half loaf or none? Kansas and Emporia can't afford to lose out on future projects.

I would ask for your support of this job creation legislation.

Best regards,

Kent Heermann

Kent Heermann, CEcD
RDA President

719 Commercial St.
P.O. Box 703
Emporia, KS 66801
620-342-1600 ex 16
620-342-3223 fax
www.emporiarda.org

Senate Commerce Committee
Date: March 9, 2010
Attachment # 21-1

achieve more

Written Testimony before the Senate Commerce Committee
House Substitute for HB 2538 – The Promoting Employment Across Kansas (PEAK) Act
Submitted by J. Kent Eckles, Vice President of Government Affairs

Tuesday, March 9th, 2010

The Kansas Chamber of Commerce appreciates the opportunity to submit written testimony in favor of House Substitute for HB 2538, which clarifies and expands the Promoting Employment Across Kansas (PEAK) Act passed during the 2009 Legislative session.

The Chamber believes it is absolutely critical for the State to shift its focus from using tax credits as a business development incentive to cash incentives.

Multiple studies have found that tax credits, which were considered cutting-edge incentives in the 1970s; don't work anymore because they are not as attractive to companies as cash-equivalent incentives for creating jobs or making capital investments. Additionally, many site location consultants throughout the country advise their clients (companies) to not even consider remaining in an existing state or relocating to other states that only have tax credits in their business development tool-kits and instead advise them to consider ONLY those that have cash-based incentives.

Several of our surrounding states including Iowa have already moved away from obsolete tax credit incentives toward more valued cash incentives. In order for Kansas to remain competitive, the Legislature passed the PEAK bill in 2009 to make the transition to avoid falling further and further behind our peers.

Given the current increased levels of unemployment, this bill seeks to create more opportunity for Kansas jobs by expanding and clarifying the 2009 PEAK bill. Both Kansas and out-of-state companies would be eligible for benefits by closing down or relocating existing out-of-state operations to Kansas. Kansas companies that have been purchased by out-of-state entities would be eligible for benefits for five years by retaining the employees of a Kansas business operation subsequent to the acquisition of that Kansas operation. Out-of-state and Kansas companies would be eligible for benefits by expanding business operations in Kansas or starting new ones. Eligible companies are not required to close existing out-of-state operations.

We urge the Committee to pass favorably House Substitute for HB 2538 to make the state more competitive and help spur investment and job creation in Kansas.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.

THE KANSAS CHAMBER

Senate Commerce Committee
Date: March 9, 2010
Attachment # 22-1

835 SW Topeka Blvd. Topeka, KS 66612 785.357.6321

Lenexa Chamber of Commerce

The Historic Lackman-Thompson Estate
11180 Lackman Road
Lenexa, KS 66219-1236
913.888.1414
Fax 913.888.3770

TO: Sen. Karin Brownlee, Chairperson
Members, Senate Commerce Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: March 9, 2010

RE: **Sub. HB 2538—Clarification and Expansion of the Promoting Employment Across Kansas (PEAK) Economic Development Incentive Program**

The Lenexa Chamber of Commerce appreciates the opportunity to express its support for Sub. House Bill (HB) 2538, which would clarify certain eligibility requirements for the Promoting Employment Across Kansas (PEAK) economic development incentive program and expand the program to promote job opportunities across more socio-economic and educational classes.

Sub. HB 2538 clarifies last year's PEAK legislation regarding the circumstances under which a company may be eligible for the program, including clarifying that to be eligible a company is not required to close existing out-of-state facilities and expanding the definition of a "qualified company" to address merger-acquisitions and to include certain competitive retention projects. <u>These eligibility provisions are critical to insuring that our state does not unnecessarily miss opportunities to compete for valuable projects that would earn jobs for Kansans and generate significant revenue for the state, among them property taxes, income taxes, sales taxes, franchise taxes, motor fuels taxes, leases, fees, and other economic contributions paid not only by the company but also its individual employees and their families.</u>

Sub. HB 2538 also expands the PEAK program to promote job creation across a broader range of work opportunities – beyond jobs that are simply the highest-paying or requiring the highest levels of education or training. By shifting to county median wage criteria and providing a new regional NAICS code-based eligibility alternative, <u>we believe Sub. HB 2538 would help create jobs and better opportunities among more socio-economic groups – importantly, good jobs that have health benefits and pay well for that industry or location.</u>

In summary, we believe Sub. HB 2538 would be another positive step in ensuring Kansas incentives remain globally competitive, in supporting job creation and more broad-based opportunity, and in maintaining a healthy and growing statewide economy for the years ahead. For those reasons we urge you to recommend Sub. HB 2538 favorable for passage.

Thank you very much for your time and attention to this important issue.

Black Hills Energy

Testimony in Support of HB 2538
March 9, 2010
Senate Commerce Committee – Senator Karin Brownlee, Chair

Thank you for the opportunity to offer written testimony today in support of HB 2538. My name is Gabe Schlickau, I am the Economic Development Manager for Black Hills Energy in Kansas and Vice President of the Kansas Economic Development Alliance. I support HB 2538 and the changes it makes to PEAK - the Promoting Employment Across Kansas Act.

PEAK is a valuable tool that has raised the State's level of competitiveness in the economic development market. However, there is still work to be done to ensure Kansas economic development professionals have the tools they need to succeed in an extremely competitive national environment.

Members of the Kansas Economic Development Alliance have met over the past year to discuss ideas that would help Kansas continue to progress toward the goal of bringing more jobs to the state. Given our awareness of State budget issues, KEDA membership agreed the focus for 2010 should be on doing what we can to maximize the effectiveness of our existing economic development programs.

The PEAK legislation that was passed last year was an important first step toward making Kansas more competitive. A few changes that would make the bill more useable include:

- Allow all new jobs to Kansas to be eligible, not just those that result from shutting down foreign or out-of-state operations.
- Change the wage threshold to allow substitution of the County Median Wage in place of County Average Wage and to include NAICS industry code wages, allowing for compensation to be evaluated on an industry-by-industry basis.
- Allow PEAK and IMPACT programs to be used together on the same projects, with the understanding they will not be used for the same jobs.

Thank you to the legislators who helped bring PEAK to fruition in 2009. These suggested amendments will now serve to make PEAK even more useable, bring clarity to implementation of the program and broaden the scope of projects the legislation could impact. These changes will make the legislation more valuable to communities of all sizes and geographic locations across Kansas.

I encourage you to vote in favor of HB 2538. Thank you for your time and consideration.

Senate Commerce Committee
Date: March 9, 2010
Attachment # 24-1

Sumner County Economic Development Commission

Physical Address: 123 N. Jefferson, Wellington, Kansas 67152
Mailing Address: P. O. Box 279, Wellington, Kansas 67152
Office Phone Number: (620) 326-8779 Office Fax Number: (620) 326-6544
Email Address: scedc@co.sumner.ks.us
Website: www.gosumner.com

March 9, 2010

To: Senate Commerce Committee – Senator Brownlee, Chair
RE: Testimony in Support of HB-2538

Mr. Chairman and Members of the Senate Commerce Committee:

Thank you for allowing me the opportunity to submit this testimony regarding HB -2538, the PEAK program. My name is Janis Hellard. I am the Director of the Sumner County Economic Development Commission.

Last year, Kansas Economic Development Alliance (KEDA) members met a number of times to discuss legislation that would make Kansas more competitive with other states taking into consideration the budget issues of the State.

In reviewing the incentive legislation already in place it was determined that the PEAK legislation needed a few changes to clarify some points and make it more usable for economic development professionals and the Department of Commerce. By clarifying definitions such as "business unit;" and allowing the use of IMPACT funds to compliment the PEAK legislation; the bill will be more effective in bringing in new businesses and new jobs for Kansas.

The PEAK program is a tool we are currently using as an incentive for a business we are trying to recruit to Sumner County. We hope to be successful in this endeavor and be able to announce new jobs coming to Sumner County. Without this incentive, we would not be in the running for this opportunity as we would not be able to compete with the other states they are looking at. Having had firsthand knowledge of the importance of programs like this, I am a strong proponent of "tweaking" this program/legislation to make it an even better tool for our use. I encourage you to vote in favor of HB 2538. These changes will help in small, medium, or large communities across the state.

Thank you for your time and consideration of this matter.

Sincerely,

Janis Hellard

Janis Hellard, Director

SCEDC
Committee to Improving the Economy of Sumner Cou

Senate Commerce Committee
Date: March 9, 2010
Attachment # 25-1

GREATER TOPEKA CHAMBER

GOTOPEKA

120 SE 6th Avenue, Suite 110
Topeka, Kansas 66603-3515

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topekainfo@topekachamber.org

WRITTEN TESTIMONY
SENATE COMMERCE COMMITTEE
March 9, 2010
HB 2538 – Amendments to the Promoting Employment Across Kansas Act
Provided by: Christy Caldwell, Vice President Government Relations
Greater Topeka Chamber of Commerce

Chairwoman Brownlee and Members of the Commerce Committee:

The Greater Topeka Chamber of Commerce would like to express our support for the Promoting Employment Across Kansas Act (PEAK), HB 2538. As our state continues to suffer from a recession and job losses it is clear there is a critical need is to bring more investment and jobs to our communities and state. The PEAK Act approved last year was a welcome tool to help communities attract companies to the state. However there are changes needed to make this tool even more effective in growing, attracting and retaining more business in Kansas. Economic development professionals across the state worked over the summer to craft the amendments embodied in this bill; these changes will make the incentive more effective.

One of the changes expands the definition of qualified companies to include in-state expansions and the establishment of new operations, divisions, facilities or business units. This new language will enable communities to utilize this economic development incentive more effectively throughout the state. We have learned over the years here in Topeka that several of our corporations have multiple plant sites nationally and in some cases internationally. They must compete with their sister facilities for investment and job expansions. When Kansas is more attractive for such expansions, it results in more jobs and private investment in Topeka and throughout the state. PEAK, as approved last year, required a foreign or an out of state company to close down their operations and relocate its jobs and facility in Kansas. This is an infrequent opportunity; so local communities are rarely able to utilize this tool; it is a lost opportunity for attracting new jobs and new investment from expansions and other location decisions that do not involve closing a facility in another state. The changes in this bill rectify this problem.

HB 2538 as approved by the House would also make the PEAK incentive usable when working to attract federal operations and non-profit headquarters to our state. These headquarter institutions and federal departments often create well-paid jobs for communities. Topeka has been fortunate to attract growth in federal jobs, our local incentive funds played a significant role in making this happen. If approved with this new language PEAK would be available to offer upfront cash assistance that many companies and even the federal government require when making location decisions. The PEAK Act as now amended can be used in certain circumstances to retain jobs in Kansas; we have experienced such situations in Topeka where we came close to losing two major employers would it not have been for the vigilance of the Department of Commerce, the Kansas Legislature and locally-provided sales tax dollars to provide the cash assistance needed to keep an employer in our capital city.

Amendments made by the House to PEAK change to the wage threshold making the incentive available for use in multiple situations. Changing the qualifying wage factor to "median" wage from "average" wage allows more flexibility within the program and makes the utilization of the incentive more likely in smaller Kansas communities. Utilizing this qualifying element does not determine the level of wages a company pays its employees; rather the amount of wages paid by the employer determines if the company is eligible to access the PEAK incentive.

This bill also permits the use of the IMPACT program along with the PEAK program, although not for incentivizing the same jobs. This provision provides flexibility for state and local economic development professionals to craft an incentive package that best meets the needs of the company they are working with. Flexibility is critical in working with companies either moving to the state or growing their operations within Kansas. The House added a provision to the bill that PEAK's results would be reviewed in five years by Post Audit; we think this is an appropriate addition to the bill's language and will give an opportunity to the legislature to determine if any further changes might be necessary to improve the incentive.

We urge the Commerce Committee to approve HB 2538 and support it on the floor of the Senate. We know you understand the fragile nature of our state's resources, you also understand the way to turn our state's economy around is by growing the private sector which will create the jobs our communities so desperately need. We must recognize that creating jobs will positively impact state revenues. PEAK's use will positive impact on the state's revenues as new investment and jobs are created. There will also be construction jobs created for facility expansions and new plants and there will be purchases made that will create state tax revenues. Your support is greatly appreciated.

Overland Park
Chamber of Commerce

Written Testimony in Support of House Bill 2538

Submitted by Jennifer Bruning
On behalf of the Overland Park Chamber of Commerce

Senate Commerce Committee

Tuesday, March 4th, 2010

Madam Chair and Committee Members:

My name is Jennifer Bruning, and I am Vice President of Government Affairs with the Overland Park Chamber of Commerce. I am writing today on behalf of our board of directors and our nearly 1,000 member companies. I appreciate the opportunity to share written testimony in support of House Bill 2538, which makes several key amendments to the Promoting Employment Across Kansas (PEAK) Act passed last year.

For some time, professionals engaged in economic development throughout Kansas have said the incentives available to help with job creation are not usable for many situations. We have programs that reward companies for making capital investments, but we have lagged other states in offering job creation incentives to allow us to compete for projects that are service oriented and create jobs but may not have a large capital investment component. This has severely impacted our competitiveness with neighboring states.

Last year the Legislature made a huge first step in addressing Kansas' lack of job creation incentives with the passage of the PEAK Act. Since that time, numerous economic development professionals throughout the country have lauded Kansas for its foresight during a time of huge budget shortfalls to recognize the need for more resources to attract jobs and investment to our state.

HB 2538 would alter several provisions of PEAK to make the incentive more useful to businesses that are absolutely committed to creating the jobs our state needs to help pull us out of this economic downtown. This bill epitomizes a proactive approach to job creation.

One of the most important alterations proposed is to allow PEAK eligibility for companies creating or retaining jobs as a result of a merger or acquisition. Since Kansas is not often the base for an acquiring company, we tend to lose any new jobs and fail to retain existing ones as a result of the

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Senate Commerce Committee
Date: March 9, 2010
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Overland Park
Chamber of Commerce

M&A activity. Allowing these companies to utilize PEAK incentives will help stem this tide. Furthermore, the bill also clarifies that a company that is wishing to open a new operation in Kansas does not have to completely close or cease operations in another state in order to be deemed eligible for PEAK.

This bill also allows for qualified companies to be able to utilize both the PEAK incentive and the state's IMPACT program, but not for the same new employees. This provides companies with the flexible option of being able to use the ever important up-front incentives from IMPACT, followed by incentives once the jobs are created (PEAK), thus creating lots of new jobs to the state without creating a "double dipping" scenario.

Furthermore, HB 2538 further enhances Kansas' ability to create new jobs by changing the PEAK wage threshold. This change promotes job creation among ALL socioeconomic groups rather than just the most educated and highest paid, an extremely important provision in these challenging economic times.

Finally, we must contest any notion that this bill would have a negative fiscal impact on the State. In fact, this bill should actually have a positive fiscal note attached to it. This bill creates jobs, and it has been proven that 65-75% of all worker earned compensation is spent on sales tax oriented purchases, which brings in significant revenues to the State. Also, it is expected that these employees will bring an additional $1.4 million into the State coffers from the additional gas tax revenues and $1.5 million to local municipalities from the additional local sales tax. This bill should in fact have a POSITIVE fiscal note of $2.5 million rather than a negative one.

Passage of HB 2538 provides an opportunity for you as Kansas' legislators to show your constituents that in addition to trying to find more ways to cut the shrinking state budget, you are also doing everything in your power to grow the Kansas economy by encouraging job creation through creative, precise and responsible means.

Thank you very much for your time today. We encourage you to support House Bill 2538.

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Testimony Before The
Senate Commerce Committee
Regarding House Bill 2538
By Erik Sartorius

March 9, 2010

The City of Overland Park appreciates the opportunity to offer testimony in support of House Bill 2538. The bill makes changes to the Promoting Employment Across Kansas (PEAK) legislation which should improve its functionality as an economic development tool.

In 2009, the legislature took an important step to encourage the creation of jobs in Kansas with the PEAK legislation. PEAK has certainly piqued the interest of several companies as they have looked at possibly moving operations to Kansas. As with most new legislation, on the ground experience with the law shows shortcomings or opportunities for improvement.

The changes to PEAK sought in HB 2538 should enhance the usefulness of the statute. Expanding the definition of "qualified companies" to include not-for-profits and governmental agencies may allow communities to attract good jobs that are not traditionally identified in economic development legislation. Additionally, allowing new jobs to be eligible for PEAK benefits if their wages meet requirements on an industry-specific level provides valuable flexibility to the statute.

The City of Overland Park asks for the committee's favorable consideration of House Bill 2538, in order to provide communities additional tools for attracting quality jobs to Kansas.