



February 19, 2018

Michael Scribner, Chairman  
Keeping the Kansas Promise Coalition  
Written only neutral testimony on House Bill 2572  
House Taxation Committee

Chair Johnson and Members of the Committee:

Thank you for the opportunity to provide testimony on Kansas tax policy. The Keeping the Kansas Promise Coalition is a coalition of public employee organizations including teachers, public safety workers, state, city and county employees, formed to collectively advocate for fair and affordable reforms to the Kansas Public Employees Retirement System to ensure long-term solvency of the system. **We are submitting neutral testimony on House Bill 2572 because we support additional transparency around economic development data but would like to see more clarity on the data provided and how current projects will be evaluated.**

After years of failed tax policy, the state has many outstanding bills to pay, and knowing where our state's limited resources are going is necessary as we recover. As the Legislative Post Audit from October 2017 on evaluating corporate incentives shows, Kansas is trailing other states in regularly evaluating tax credits and exemptions.<sup>1</sup>

Research from the Pew Charitable Trusts identifies three steps states should take to effectively evaluate tax incentives:

- **Make a plan.** Lawmakers need to put processes in place to regularly evaluate the results of major tax incentives. Well-designed evaluation plans ensure that the state's full portfolio of incentives is examined, that nonpartisan staff with relevant expertise are tasked with the analyses, and that the reviews take place on a strategic schedule.
- **Measure the impact.** High-quality evaluations carefully assess the results of incentives for the state's budget and economy. To do so, evaluators must estimate the extent to which incentives successfully changed business behavior, as opposed to rewarding what companies would have done anyway.
- **Inform policy choices.** Lawmakers and executive branch officials should use the findings of evaluations to improve the effectiveness of tax incentives. Policy improvements are more

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<sup>1</sup> <http://www.kslpa.org/assets/files/reports/r-17-015.pdf>

likely when states have a formal process that ensures lawmakers will consider the results—for example, by holding legislative hearings on evaluations.<sup>2</sup>

While we are glad to see this move toward increasing transparency surrounding economic incentive packages, we would like to see movement on the next two steps in Pew's process: evaluating the impact of these programs, and using that data to inform policy decisions.

It will take time to restore fiscal stability to the state, rebuild crucial investments and meet commitments like contributing the state's share to KPERS. Moving forward, lawmakers should make choices that fulfill the state's promise to Kansans who chose to serve our state through public careers, including support for policies that stabilize the state's pension program.

Thank you for the opportunity to submit written testimony on House Bill 2572.

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<sup>2</sup> <http://www.pewtrusts.org/en/research-and-analysis/reports/2017/05/how-states-are-improving-tax-incentives-for-jobs-and-growth>