



Senate Committee on Assessment & Taxation
Written Testimony in
Opposition to SB 546
Submitted by Tim McKee, CEO

Chair Tyson and honorable committee members,

The Olathe Chamber of Commerce is the largest chamber in Johnson County and the second largest chamber in the Kansas City area. Comprised of 1,300 members and growing, it was the first chamber in the state to receive 5-Star Accreditation from the U.S. Chamber of Commerce - a designation obtained by less than 1 percent of the nation's chambers. Its mission is to be the voice of business that advances the economic well-being and quality of life in Olathe.

As the Olathe Chamber's CEO, I am submitting written comments in opposition to HB 546, which proposes to eliminate the High-Performance Incentive Program (HPIP) and Promoting Employment Across Kansas (PEAK) in order to pay to buy down the Kansas corporate income tax rate. While our members appreciate efforts to reduce the corporate income taxes doing so by eliminating targeted incentives will be the cost of growth and investment in Kansas. Olathe is a vibrant community with strong commercial growth from both new and existing businesses with several companies using these targeted incentives. Consider the following two Olathe business who recently utilized these incentives and indicated the incentives are more meaningful to their businesses than the proposed corporate rate reductions set out in SB 546:

Garmin International could have chosen to locate outside of Olathe anywhere in the world but decided to repurpose its 580,000 sq ft warehouse into office space and build a 747,945 warehouse and manufacturing facility centered around aviation. An important component in their \$250 million investment in Kansas was HPIP.

Heartland Coca Cola purchased over 150 acres in 2022 with the intent to build a new state of the art, 1.19 million sq ft. production campus. Their first phase broke ground in 2023 with a 640,000 sq ft building and an investment over \$300 million. Again, without the HPIP and PEAK incentives, this investment could have easily gone to another state.

In a global economy, Kansas is competing not only with our neighboring states but with countries all over the world who use varying incentives to attract investment in their communities. The PEAK and HPIP programs provide Kansas economic developers' important tools to compete both in recruiting new businesses, but most importantly, allows them to retain Kansas businesses with their plans to grow, expand and reinvest in Kansas.

While aimed at reducing overall income tax costs for Kansas corporations, SB 546 will ultimately hurt our state by stymieing investment in our communities. Thank you for the opportunity to submit these written comments in opposition to SB 546. If you should have any questions, please feel free to contact me at 913.764.1050.

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